

February *NATION'S* 1948

BUSINESS



problem...



solution

For years cotton planters have searched for effective chemicals to kill the insects that annually ravage their crops. Now, after intensive research, Hercules has created Toxaphene, a chlorinated camphene for agricultural insecticides. Dusts made from Toxaphene not only destroy the boll weevil and other cotton insects quickly, but also are highly effective against many insect pests that plague the farmer.

result...

*TO SAVE CROPS FROM INSECT DESTRUCTION ... another development utilizing Hercules chemical materials. The free book, "A Trip Through Hercules Land," describes other uses of Hercules chemicals.



HERCULES

HERCULES POWDER COMPANY

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CHEMICAL MATERIALS FOR INDUSTRY



Nylon shock shields used only in B. F. Goodrich truck tires

A typical example of B.F. Goodrich improvement in tires

EVERY large size B.F. Goodrich truck tire is now being built with a nylon shock shield under the tread. This nylon shock shield breaks the force of sharp blows, protects the rayon cord body from the constant impacts which so often cause weakness and tire failure.

When a heavy truck hits a rock, a curb, or deep rut, the tire has to absorb the blow. Such an impact often leads to a bad bruise or eventually a blow-out. That's the principal reason why so many truck tires reach the scrap

pile before they're really worn out—why more tires can't be recapped.

In all B.F. Goodrich truck tires sizes 8.25 and larger nylon shock shields give extra protection to the cord body. This results in a four-way savings for truck owners: (1) Average tire mileage is increased. (2) Tires have greater resistance to bruises. (3) There's less danger of tread separation. (4) More tires can be recapped.

The development of truck tires with a nylon shock shield is typical of the constant improvement being made in

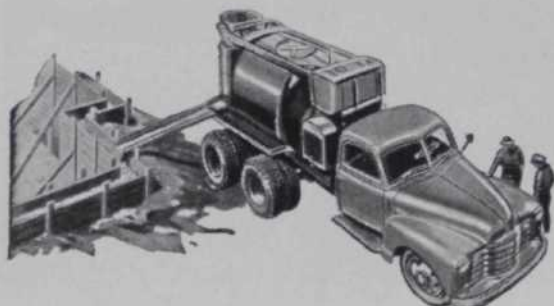
all types of tires by B.F. Goodrich. Only from B.F. Goodrich can you get truck tires with a nylon shock shield over a weftless rayon cord body.

Nylon makes tires more expensive to build, yet these new B.F. Goodrich tires that are better than prewar sell at regular prices. *The B.F. Goodrich Company, Akron, Ohio.*

Truck Tires BY
B.F. Goodrich



**"When I say real
heavy-duty value, brother,
I mean Chevrolet Advance-Design trucks!"**

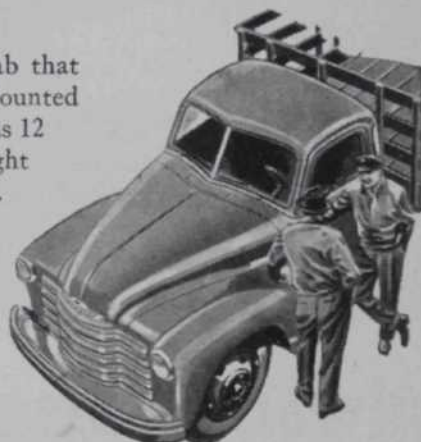
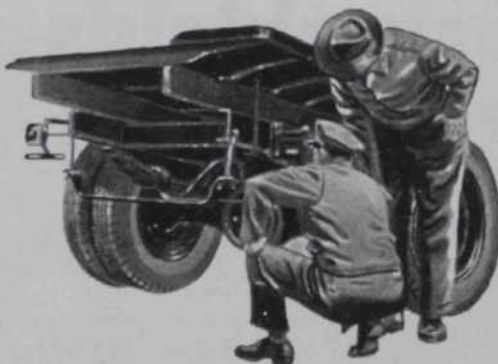


Sure, there are Advance-Design trucks for special heavy-duty jobs. Look at this one. They tell me there are 107 different models . . . on eight different wheelbases —trucks for all the trades!

See those rear-corner windows?* They make it easy and safe to back up. These trucks are really new—from roof to road, with Advance-Design! Another thing, they have the world's most economical engine for its size—Chevrolet's valve-in-head truck engine!



Comfort? Give me the cab that "breathes"!* It's Flexi-Mounted—cushioned on rubber. Has 12 inches more foot room—eight inches more seating space. Understand there's 22% more visibility, too and the seat is fully adjustable!



Look here at these stronger new FRAMES! Notice that the wheelbases are longer, for better load distribution. Brakes? The best! They're exclusively designed for greater brake-lining contact.

*Fresh-air heating and ventilating system and rear-corner windows optional at extra cost.



ADVANCE-DESIGN

CHEVROLET TRUCKS

WITH THE CAB THAT "BREATHES"

CHEVROLET MOTOR DIVISION, GENERAL MOTORS CORPORATION, DETROIT 2, MICHIGAN

Which One Wears Over-alls?



One of these men owns the factory. The other works there as a skilled mechanic. You can't tell, from the way they dress, which one wears the over-alls.

This makes people of other countries think every American had a rich uncle who died and left an inheritance. Actually, we all have the same uncle—Sam. And the inheritance can't be deposited in a bank—any more than it can be withdrawn from a bank.

The heritage is a kind of freedom—Freedom of Enterprise.

It's not exclusively American. But it's preponderantly American. It's simply an open invitation to make anything you think you can sell.

You are free to make it. People are free to buy it—or pass it up. If enough people buy it,

you're in business. If you make it better and price it lower, your business grows. And people get more for their money.

Burlington Mills have been giving people more for their money in quality rayon fabrics for years. This resulted in such widespread use of Bur-Mil rayons, that Burlington today is one of the world's greatest textile producers.

Millions of Americans enjoy apparel made of Bur-Mil fabrics. And their homes are decorated with Burlington rayons.

Freedom of enterprise is good for the American standard of living. Improving that standard of living, through better things at lower prices, is good for American business. That's why Burlington Quality is constantly being advanced.

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Nation's Business

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LAWRENCE F. HURLEY—Editor

PAUL McCREA—Managing Editor LESTER DOUGLAS—Director of Art and Printing

Associate Editors—ART BROWN, A. H. SYPPER

Assistant Editors—W. L. HAMMER, TOM W. DAVIS

Contributing Editors—HERBERT COREY, JUNIUS B. WOOD

CHARLES DUNN—Staff Artist RALPH PATTERSON—Assistant to Director of Art

ORSON ANGELL—Advertising Director JOHN F. KELLEY—Business Manager

Advertising Managers—Eastern, VICTOR WHITLOCK; Western, RAY ORWIG

Circulation Managers—Eastern, DAVID V. STAHL; Western, FLOYD C. ZEIGLER

GENERAL OFFICE—U. S. Chamber Building, Washington 6, D. C. BRANCH OFFICES—New York 17: 420 Lexington Ave., MOhawk 4-3450; Chicago 3: 38 So. Dearborn St., CENTral 5046; San Francisco 4: 333 Pine St., DOuglas 6894; Cleveland 15: Hanna Bldg., CHerry 7850; Detroit 2: General Motors Bldg., TRinity 1-8989.

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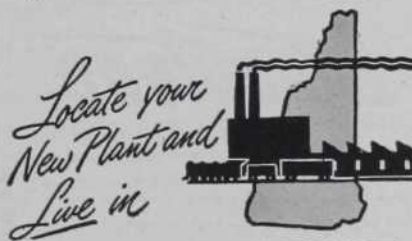
The family unit is strong
in New Hampshire
and that makes steady,
dependable workers

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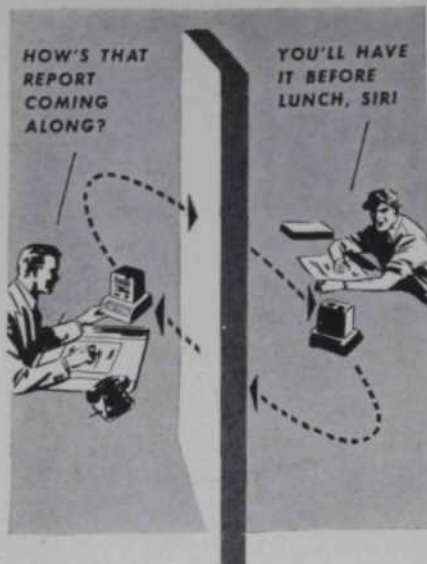


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About Our AUTHORS

AS ONE of the War Department's keenest observers, **BONNER FELLERS** was sent to the Middle East in 1940 to study the desert combat operations of the British Forces. His reports soon became the basis of our own desert training program and earned for him a promotion to the rank of brigadier general, as well as the Distinguished Service Medal. In 1943



he joined the staff of General MacArthur in Australia where he set up the Civil Affairs Division for the Occupation of the Philippines. He also served as psychological warfare officer against Japan. For some months after V-J Day, he was secretary-general of the Allied Council for Japan.

AT AN editorial staff meeting not long ago the subject of research facilities for small business was discussed. When the conference broke up, **TOM DAVIS** emerged with an assignment to explore the possibility of an article on the subject. However, the topic became so interesting that he did more than just explore. He wrote the article.

Davis, now an assistant editor of **NATION'S BUSINESS**, has served on some dozen different newspapers, press services, and magazines. During the war he enlisted in the Marine Corps and was placed on duty with *Leatherneck Magazine*, the enlisted men's magazine.

WHEN we asked **MEYER BERGER** to write an article for **NATION'S BUSINESS** on Junior Achievement, Inc., we had little reason to believe that he himself at one time had out-juniored the kids he was going to write about. JA membership is for boys and girls between the ages of 15 and 21. Berger began his business career at the age of 11. At that time he was hired as an office boy on the old *New York World*. What he learned about newspapering evidently impressed him because he has made journalism his career.

FOREIGN correspondents have this in common with the Navy: They get to see the world. At least

this is how it worked out for **FRANK C. HANIGHEN** who spent the '30's living out of a suitcase for the *New York Post* and the *Philadelphia Record*. Among his assignments were the Spanish Civil War and the Munich crisis, as well as general reporting in Britain and on most of the Continent. Last summer Hanighen grabbed up his satchel again and headed for a vacation in Mexico. Being a veteran correspondent he just couldn't resist talking with local business men and digging out "Life Can Be Sweet in Mexico."

DURING his 20-odd years in Yugoslavia's diplomatic corps, **CONSTANTIN FOTITCH** served in many

capacities—representative to the League of Nations, under-secretary of the foreign office in Belgrade. By October, 1942, he had become ambassador to the United States. Almost two years later he resigned in protest against his country's new government in exile which paved the way for Marshal Tito's regime. Since then, he has been writing and lecturing. At the start his activity was considered almost improper—so effective was communist propaganda to build up Tito. Today, with Yugoslavia under Moscow's domination, the picture is a great deal different.



WHEN **CHARLES DE FEO** visited Mt. Vernon preparatory to painting our February cover, he became interested in some of the personal possessions of George Washington. Shown on the cover are the general's watch, obsidian inkstand, surveying instrument and set of drawing instruments. Perhaps he used the latter while making the map of his estate in 1793. The penknife, used for cutting writing quills, was given to him by his mother on his twelfth birthday for not joining the British Navy.

The account book contains entries relative to the upkeep of the estate.

And the decanter—that contains madeira, a favorite wine of the general.



It pays to **CONSULT YOUR INSURANCE AGENT
AS YOU WOULD YOUR DOCTOR OR LAWYER**

Whether you are a businessman or a householder, or both, you probably don't have to be told about the *need* for insurance protection. The question is whether your present coverages are *adequate* and

common-sense in the light of rising values. The U.S.F. & G. agent in your community is qualified to advise you on such matters. Ask him to review your present insurance protection.



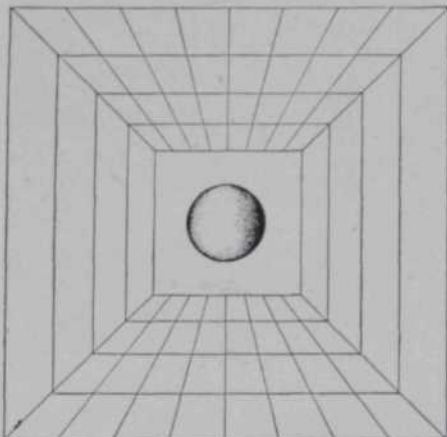
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gives you good light
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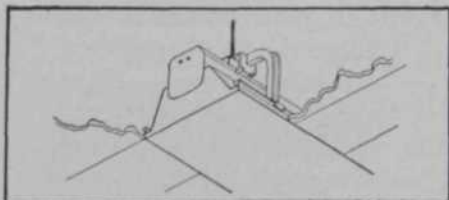


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Miller Lighting Service is all-inclusive, covering the needs of planned lighting.

Miller 50 and 100 Foot Candles (Continuous Wireway Fluorescent Lighting Systems) have been established as standard for general factory lighting. And Miller incandescent and mercury vapor reflector equipment has broad factory and commercial application.

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NB Notebook

Deeds, not words

FROM various surveys and discussions it appears that there is a wide diversity of opinion among business men on ways of "selling" the American free enterprise system to our citizenry. The National Industrial Conference Board, for instance, conducted a poll and stated that rarely had one of its surveys drawn such "diametrically opposed points of view." One group was for all-out effort and another group voted its decided preference for "deeds, not words" at the plant and community level.

Replies to this poll as well as other soundings of business thinking also make evident some hesitation upon a clear definition of the free enterprise system. Everybody knows what it means, of course, but has trouble putting it into words.

Profit pyramid

AS THE TIME for renegotiating several big labor contracts approaches, it appears likely that the air will be cluttered with statistics on prices, costs, budgets, profits, etc. Some of these figures will be right and others just a little biased perhaps, depending upon who uses them.

Both sides in labor negotiations get off the track at times. For instance, when "second round" wage increases were being argued last year, some industrialists insisted that 85 per cent of the cost of the product was labor cost, which it probably is but on an over-all and not an individual basis.

In defending profits, however, the head of a leading industrial research group ignores this pyramiding effect. Since corporate business took only 4.7 cents of the sales dollar in 1946, he argues that the elimination of all profit would bring down prices only five per cent. The pyramiding of profits, of

course, would mean a much greater saving.

From the labor front a good deal is already heard about the "Budget for Four," a government study issued recently which contends that \$3,000 to \$3,400 a year is needed by a city worker's family. All families, of course, are not families of four and what the labor argument overlooks is that almost a third of our families have more than one wage earner.

"Joiners" no longer

TRADE and special project associations thrived mightily during the war and in the immediate post-war period. Cooperative effort and "joining up" seemed to come natural in those days—with excess profit taxes a consideration, of course.

Now the membership lists are being combed and pruned. Several big companies detailed men last year to check closely on what benefits the dues were bringing in. They discovered some fine-sounding names which fronted for genial personalities.

What this purge will mean, it is agreed, is sounder backing for the solid business associations which provide real service for their memberships. The funds formerly frittered away will go where they accomplish something.

Attack on prices

LAST fall as leading merchants in various sections of the country testified at price hearings before congressional subcommittees, the universal verdict was: "Prices are too high." Since then many industrialists have expressed the same judgment.

The president of one of the country's biggest companies asserted: "I would like to see 1940 prices and 1945 wage rates."

A recent newsletter of the New



**Guard happiness with
freedom from worry**

*The Policy Back of the Policy—Our way of doing business
that makes your interests our first consideration*

IT'S "Mr. and Mrs. James Smith" now! And Jim's proudly aware that he has a precious future to protect. Yes, sir, he'll drive their new wedding present carefully.

He's already protected by Hardware Mutuals auto insurance—with 30 days automatic coverage before he transfers it from his old car. He wouldn't be without the protection of the *policy back of the policy*. Especially since his one accident. How startled, confused and worried he was! But how quickly, smoothly, *humanly* Hardware Mutuals representative straightened things out.

Jim knows the satisfaction and freedom from worry there are in Hardware Mutuals prompt, fair claim settlements; their fast, friendly, nationwide service; their full-standard

policies that provide safe, thorough coverage; the substantial dividend savings he's received with each renewal.

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Pipe is on the move!

On highways, rails and steamship lanes, cast iron pipe is on the move, in mounting volume, to cities and towns throughout America. For needed improvements and extensions to such vital public services as water supply, gas and sewerage systems. Although cast iron pressure pipe production for the year 1947 exceeded the footage produced in any other peacetime year in the history of the industry, the demand could not be met with normal peacetime promptness. This huge demand is partly due to deferred construction during the war years. But the big reason is that water works engineers insist on cast iron pipe, even though they have to wait, because of its record in the


public service. For example—96% of all cast iron water mains (sizes 6-inch and over) installed in 25 cities since 1817 are still in service.

This remarkable record is based on a report, published by American Water Works Association, of a survey conducted in 25 cities by water works engineers for water works engineers. It is official confirmation of the long life and economy of cast iron pipe. Cast Iron Pipe Research Association, T. F. Wolfe, Engineer, 122 South Michigan Avenue, Chicago 3, Illinois.



This cast iron water main has served the citizens of Philadelphia for 126 years.

CAST IRON PIPE

SERVES  FOR CENTURIES

LOOK FOR THIS MARK

IT IDENTIFIES CAST IRON PIPE

Jersey Manufacturers' Association puts it this way:

"Without ignoring or belittling the equally heavy call upon government and labor for their respective and vitally needed co-operation in meeting the problem through tax reduction, less public spending, waste elimination, increased and speeded up production and other methods of increasing the efficiency of our governmental, economic and enterprise system, it is all too apparent that management will have to find the safe way back to small-unit profit on high-volume system operations—and lower prices."

LIFO and FIFO

INDUSTRIAL purchasing agents have found the going tough ever since the war ended, trying to keep supplies geared to production schedules. They have been plagued by "blank check" contracts where they paid what the seller decided to fill in as the bill when shipment was made. They have struggled with "escalator" clauses which permitted the seller to raise his prices if costs advanced.

On top of these unorthodox methods of selling have been piled some newer forms of cost accounting aimed at dealing with the vexing problem of inventory valuation. These go by the names of F. I. F. O. (First In, First Out); L. I. F. O. (Last In, First Out); and H. I. F. O. (Highest In, First Out).

What these terms mean turns on the cost of the material in inventory. The cost spread, for instance, might range as much as 20 per cent, depending on when the material was bought in a fluctuating market. And the cost figure used determines the price of the product.

So the purchasing agent must know a bit about the accounting method employed by his supply source to be sure he is buying right. Then he ought to know whether his supplier is setting up special reserves, because this is also an important cost factor.

Food "stabilizer"

FROZEN FOODS eventually may become the "great stabilizer" for agriculture, some observers maintain. They would take care of marketing gluts and establish an ever normal granary on much sounder lines than the tax-consuming subsidies now used to protect the farm industry.

But before frozen foods can make headway toward achieving the 50 per cent of total food vol-



Had Your Ton-Miles Today?

Last year the railroads moved more tons of freight more miles than ever before in time of peace.

They hauled enough tons enough miles, in fact, to average twelve ton-miles of transportation service every day in the year for every man, woman, and child in the United States.

That meant loading and moving more carloads of grain, more cars of coal than ever before—and more cars of all sorts than in any of the war years, even though there were

fewer freight cars available.

With the cooperation of shippers, the railroads are getting more service than ever before out of each freight car they have.

At the same time they are buying and building all the freight cars for which materials can be obtained. And they will continue to do so until the car supply is adequate to meet the needs of the nation with even greater efficiency and economy.


These new cars—and the locomo-

tives, the improvements to track and signals and shops and all the rest of the railroad plant—call for an investment of more than a billion dollars a year.

That's one reason why railroad rates have to be enough so that railroad earnings will be adequate to attract investment dollars. For the railroads of *tomorrow*, and the service you will get from them, depend upon earnings *today*.

Association of American Railroads

WASHINGTON 6, D. C.



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ume which some prophets estimate, certain road blocks must be removed. Two of the most important are product standards and delivery facilities. In brief, the product must be right to gain wide consumer acceptance and, second, the product must be delivered conveniently and without deterioration.

A hopeful group in the industry wants to get busy at once with nation-wide promotion. The experts say, however, that it will be at least a year before refrigerated transport is perfected and proper packing standards established.

Share of the dollar

WHEN prices are high, costs are questioned and profiteering sometimes suspected. As the brickbat fly, the farmer blames the manufacturer, the manufacturer blames labor and labor, in turn, takes potshots at profits.

Often enough the argument turns to distribution costs, those of producers (which ought to be called marketing costs) and those of wholesalers and retailers (more properly called distribution costs, we think.)

In their bulletin, Alderson & Sessions, Inc., marketing and management counsel of Philadelphia, mention the confusion which stems from measuring production and distribution costs on a percentage basis, especially when increased efficiencies are involved. Thus, starting on a 50-50 basis, improved distribution might cut production costs in half and reduce distribution costs by a quarter. This would bring about a ratio of 37½ to 25, in which case, however, distribution (just because it has not been cut as sharply) would take 60 cents of the consumer dollar as against 40 cents for production.

What this example means is that distribution governs most production costs and can send them down. When it can't match the saving, it gets blamed for taking too large a share of the final price.

John

THE little monthly booklet of the Hopf Institute of Management, Inc., headed by Dr. H. A. Hopf who recently received the Taylor Key, highest honor granted by the Society for the Advancement of Management, passes out sage counsel from time to time and often in a salty way. Too much concentration by the boss on his own affairs leads to this story:

"Their selfish concentration is like that of the farmer's wife. A

Scissors missing?



A quick count and everybody will know the answer.

Such "quick counts" are hardly possible in business. But a simplicity that speeds any accounting task is now possible with the Comptometer Peg-Board Plan.

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neighbor called one morning to see the farmer. 'I don't know where he is,' she said, 'but I think he's out in the barn. Wait, I'll go an' see.'

"She came back in a few minutes, angry as could be. 'What do you think?' she exclaimed. 'When I went into the barn, what should I see but John hanging from a rafter—and not a chore done.'"

New business blood

IS TOO MUCH liquid wealth being concentrated in insurance and other institutions for the good health of free enterprise? These organizations cannot legally invest in totally new enterprises and, to prosper, the free enterprise system must always seek new horizons.

It was with this thought in mind that the American Research and Development Corporation, Boston, was formed some 18 months ago, with expert management and outstanding technical advisers, to pick new enterprises for investment. Half of its capital was supplied from institutions.

Among other "venture capital" undertakings, the Boston operation is summarized in the *Industrial Bulletin* of Arthur D. Little, Inc., chemists and engineers of Cambridge, Mass.

"The organization intends to demonstrate," according to the *Bulletin*, "that, with sound management and adequate technology, it is possible to invest profitably in new enterprises. This may take some time, even several years, but when a substantial profit is shown, similar organizations will probably be formed."

British coal

BRITAIN expects to produce 214,000,000 tons of coal this year, which will be pushed to 249,000,000 by 1951, according to the program she placed before the 16 nation conference in Paris. After some bad bumps, her nationalized industry got going in its first year and in the final months of 1947 approached the tonnage of 1938 with some 67,000 fewer miners.

The real weakness of the industry, the British Information Service explains, lies in underground haulage. In the United States, the output handled per haulage worker is 50 tons, and haulage workers represent some five per cent of the total employed. In Britain, the comparative figures are five tons and nearly 20 per cent.

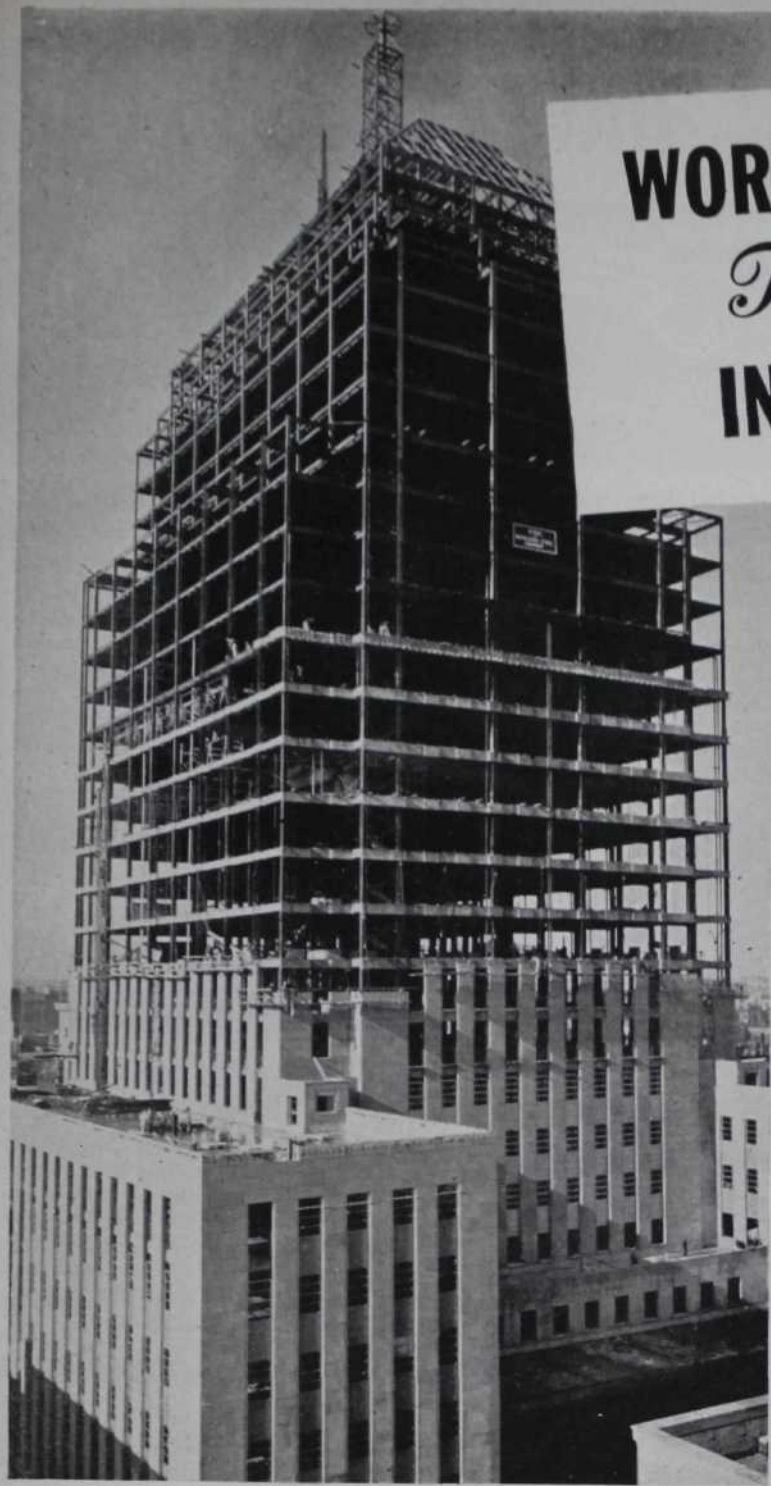
The 1948 program calls for adding 1,845 road conveyors to the 3,700 which were in use in 1945.

WORLD'S LARGEST

Thermopane

REG. U.S. PAT. OFF.

INSTALLATION



John Hancock Mutual Life Building being glazed with 16,205 L-O-F Glass Insulating units for greater comfort, clearer vision. Architects and engineers for Boston's newest skyscraper chose *Thermopane* for all windows because it is the most modern glazing material available.

Providing year-round insulation, *Thermopane* is composed of two or more panes of glass, separated by a hermetically sealed air space. Its advantages include: more accurate and economic control of air conditioning equipment... reduced heat loss through glass... minimization of roomside condensation with controlled humidity and temperature... reduced sound transmission... and, of course, greater comfort. Because of *Thermopane's* metal-to-glass seal, dirt and moisture cannot enter the air space.

Thermopane is available through L-O-F Glass Distributors. Over 60 standard sizes facilitate its use in the windows of both new and old buildings.

Complete information available upon request. Libbey-Owens-Ford Glass Company, 1328 Nicholas Building, Toledo 3, Ohio.

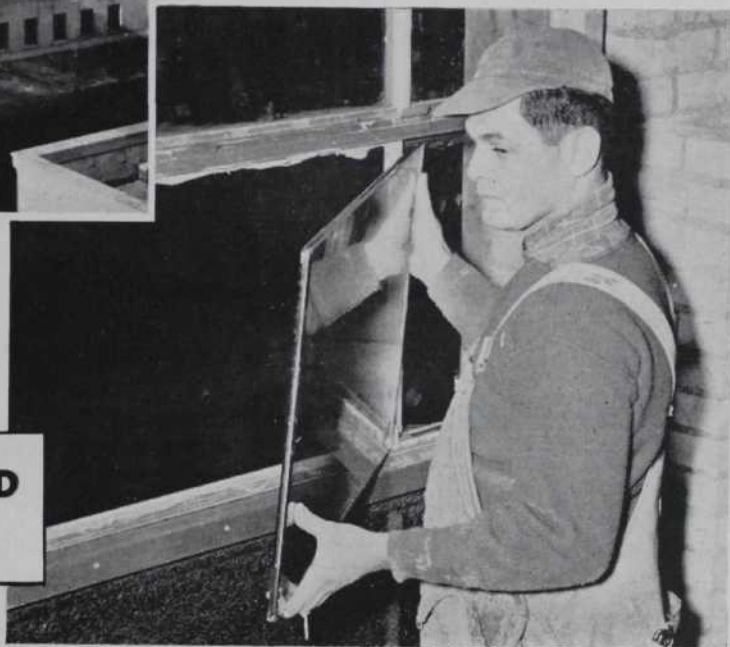
● Every window opening in the 26-story, completely air-conditioned John Hancock Mutual Life Insurance Building in Boston is being glazed with *Thermopane* to provide maximum air conditioning efficiency. Architects: Cram & Ferguson, Boston.



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a Great Name in **GLASS**

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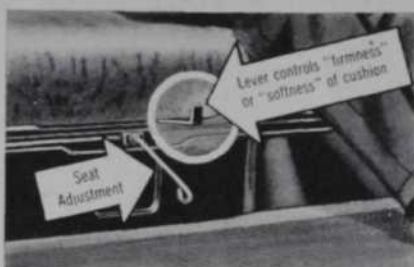


Much That's New...and "Job-Rated," too!



1. More Safety from the All-'Round Vision of New "Pilot-House" Cabs!

Note the tremendously increased *vision* of new Dodge cabs. Windshields and windows are higher and wider. New rear quarter windows are available, adding still more to vision and to safety. You get true "Pilot-House" vision in all directions. They are the safest cabs ever built.



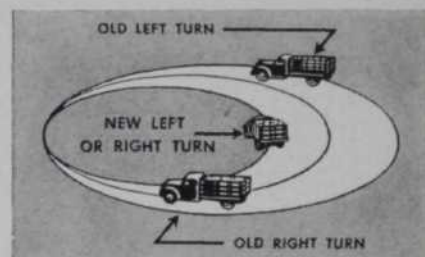
2. More Comfort from New Adjustable "Air-O-Ride" Seats!

"Air-O-Ride" seats give the kind of comfort you want. You may have a "soft" seat . . . or you can ride on a "firm" or "medium" seat. You control cushion "give" by a lever at the bottom of the front seat. Seven full inches of seat adjustment provide the right legroom for every driver.



3. More Safety . . . More Comfort . . . from New All-Weather Ventilation!

Whether the thermometer is ten below or a hundred above—you're *comfortable*! That's because of the availability of an ingenious combination of fresh air intake, newly designed hot water *truck* heater, with powerful fan and defroster tubes, vent windows and cowl ventilator.



4. Easier Handling because of New Chassis Design!

By moving the front axle back, *under* the frame, and moving the engine forward, Dodge has greatly improved maneuverability and weight distribution. Also, a wider front axle tread plus a new type of cross steering permit a full 37° turning angle to left or right.

5. . . And Your New Dodge Truck will be "Job-Rated," too!

Every unit of your truck . . . from engine to rear axle . . . will be "Job-Rated" for economy, dependability, performance, and long life. The 248 basic chassis and body models are engineered and built for gross vehicle weights up to 23,000 lbs., and for gross train weights up to 40,000 lbs.



► TODAY'S ECONOMY is remindful of Lord Ronald, who flung himself upon his horse and rode madly off in all directions.

There are direct influences which are upward, clear, plain to see.

But underneath there are indirect influences—downward, powerful, some well hidden.

First let's look at clearly inflationary forces tending to increase prices, increase strain:

1] Our huge (and growing) expenditures for national defense.

2] Marshall plan, about 40 per cent of which involves cost-of-living items.

Add our grants in aid to countries in shooting wars with Communists.

3] Soldiers' bonus payments.

New York state alone is distributing \$400,000,000. And eight other states are paying them.

4] Probable pay raise for government employes, state, local and probably federal. We have 2,000,000 federal civil servants alone.

5] Deficit financing that would be required to pay for social aims listed by President Truman in state of the union address.

6] Tax cuts which would dribble cash into hands of those bidding up prices, but not increase investment potential.

7] Third round of wage boosts, already raising price of clothing.

8] Rising freight charges.

Four carloads of materials go into a paper plant for each carload of product that leaves it.

What about your own products, materials?

9] Government support of farm prices above parity by "market stabilization" powers.

10] Support of government bond prices.

Those are some of the upward influences.

Now let's look at some downward signs:

1] In next three months Government will retire \$5,000,000,000 to \$7,000,000,000 worth of short term notes.

Which will withdraw that much credit from banks.

2] Bearishness in stock market.

Industry needs active, rising market to finance new plant, expansion.

That's because new market money buys older issues. Traders absorb new issues by selling the old, taking the new.

So industry turns to banks.

3] But banks, whose loans rose \$7,-000,000,000 last year, are tightening credit for expansion, capital needs.

So some may not be met.

4] Lowering unit sales, caused by price pressure.

MANAGEMENT'S Washington LETTER

5] New plants brought into production since war—slashing backlogs, pulling supply nearer demand.

6] Terrific production in older plants adding to this force.

7] Rising productivity, adding more.

8] Possibility of bumper grain crops, here and abroad, cracking prices.

9] Rising inventories, diminishing need for production to fill pipelines.

10] Widening gap between seller's price and what the buyer will pay.

Note that all influences are not downward, that most of these are money, credit problems.

Good policy: Face both trends realistically. Don't select only those that may affect your business favorably.

The ball is losing some of its bounce.

You'll have to throw it harder to make it rebound.

► IF YOU ARE A CUSTOMER of a bank—a loan makes you one—you have a partner in your business.

Don't overlook that partnership. Your banker can be a valuable help.

He can, for example, keep you from borrowing (and therefore owing) too much money.

If you want \$10,000 and he'll lend only \$8,000, think it over before you go elsewhere.

Maybe he's right.

Remember, banker's viewpoint is objective. He knows you (or you should see to it that he does). He knows much about your business before he approves loan of any size.

And, more important, he knows a lot about other businesses in your community, other factors that affect you.

His conclusions are based on the books—which you may not be able to see.

Also he can be helpful with your own credit problems, keep you advised of credit conditions, trends, in your trade area.

And, if you ask the right questions, he can be helpful in specific situations.

Since a man's ability to pay is based on what he has and what he owes, your problem before extending a large credit is: What does he owe?

Asked directly your (and probably his) banker won't tell you, perhaps.

But you can ask it another way. Out-

MANAGEMENT'S Washington LETTER

line the proposition. Ask the banker if he will discount the note if you take it.

In his answer you'll get bank's assessment of the man's credit status.

► **HIGH PRICES MAKE** better merchandisers. Department stores' inventories have dropped from average of five months supply of goods to 2%.

At same time sales have gone up dollar-wise.

Which means stores are doing more business with much less goods on hand.

That's because of their fear of being caught with high-cost merchandise if prices break.

But there's a line they can't pass—a line where they lose sales because of a lack of goods, or sizes, types.

If you can operate along that line—but not over it—you are a merchandiser.

► **IF YOU'RE IN DISTRIBUTION** keep close to suppliers these days.

Watch for new products, new additions to old lines that may sell at prices far below current levels.

High prices encourage cost-cutting new methods, new materials.

And these do two things:

Create new demands among your customers, outdate merchandise now on your shelves—or their prices.

A new \$9.95 radio brought swift cuts in competing lines—and cut deeply into value of higher priced models in dealers' inventories.

A new pressure cooker tagged at half last month's price caused competitors to slash or hold theirs.

It cost money either way.

So watch for new things that will sell, and watch inventories of competing goods.

► **CONGRESSIONAL INTEREST** will bring to light new life insurance formula for service men and women.

It was prepared (but not actively promoted) by armed services.

Plan would give each service member \$10,000 policy, cost free, for duration of service.

Coverage would end with service severance.

Under present system each member may purchase policy in National Service Life

in amounts up to \$10,000, may convert on severance to civilian coverage.

At war peak, 17,000,000 such policies were in effect.

At last count, figure had dropped to a third of that.

► **KEEP THIS IN MIND**, in case you see a scarce copy of "Mineral Position of the U. S.":

It's a compilation of known reserves, not of potentials.

"We are abundantly supplied with many minerals and these fortunately include those fundamental to the maintenance of an industrial economy."

So Elmer Pehrson, chief, economics and statistics branch, Bureau of Mines, told Senate subcommittee in submitting report, made jointly by Mines and Geological Survey.

Report lists resources of magnesium, nitrate and salt unlimited, bituminous coal and lignite in supply for 4,386 years.

Other minerals: phosphate rock, 600 years; helium, 235; anthracite coal, 187; molybdenum, 157; rutile, 124; potash, 99; iron ore, 76; ilmenite, 73.

Arsenic, 55; natural gas, 55; cobalt, 53; sulphur, 39; bismuth, 36; fluorspar, 33; bauxite, 23; zinc, 20; gold, 19.

Copper, 19; petroleum, 15; silver, 13; cadmium, 11; lead, 10; vanadium, 8; manganese, 4; platinum, 3; antimony, 3; mercury, 2; tungsten, 2; tantalum, 1; chromite, 1.

► **STEEL MEN OUT LOOKING** for iron ore often don't want to find it.

They just want to know—roughly—where it is.

That's according to Wilfred Sykes, Inland Steel Company president, who recently told Association of Customers' Brokers that:

"We are not so eager to go out and drill a hole in the ground and find a nice new mine unless we have need for a mine.

"If we do, we may be paying taxes on it for the next 25 or 30 years before we get down to using it."

Under existing laws, taxes become effective on discovery of a body of ore, worked or not.

Because of this, Sykes points out, there is a vast supply of ore in the Mesabi range not yet discovered.

He lists as in sight enough high grade easily mined ore to last 30 to 40 years.

When that's gone there's 75 to 150 years' supply of magnetic taconites which, he says, can be profitably worked if necessary.

And beyond that, he foresees use of

other iron bearing materials plentiful enough to last another 500 years.

► RUSSIA WILL WILLINGLY cooperate in economic unification of Germany if—

1] Marshall plan passes in effective form.

2] Russia becomes convinced U.S. will not have depression (that would curtail ERP) in 1948.

Such is the private view of a high government official, who contends:

German economic development is near standstill, despite hopeful reports.

It is impossible to restore economic health to Germany under east-west division now in force.

If Russia remains outside orbit of cooperation only course is to build a second industrial Germany in western zone. That would cost more than ERP.

► FOREIGN TRADERS see trouble ahead for Government's new licensing policy.

Until last month exporters were issued licenses on basis of their historical share of foreign trade.

Thus large exporter got large volume, small exporter small volume.

Since war, Government has been receiving growing flow of protests from abroad against shoddy goods, excessive prices causing unreasonable drain of dollars.

This brought new licensing policy based on these main points:

1] End use of goods to be shipped.

2] Destination.

3] Price.

4] Reasonableness of profit margin.

By considering these factors before issuing approval of individual deals Government hopes to simulate for buyers conditions of competitive market.

But foreign traders say it won't work.

It will be impossible, they contend, to control price.

While exporter's price, profit, may appear reasonable, resale abroad outside of conditions of license may multiply price to final buyer.

► TWO FACTORS CAUSE some doubt in year's building outlook.

1] Tightening credit, being applied in lowering evaluations for loans.

2] Building trades manpower shortage. Materials shortages will be fewer, delivery delays shorter.

But there's chance that materials supply will outrun availability of men who can lay brick, fit pipe, frame houses.

Building trades have about 112,000 apprentices.

That's less than half those needed to maintain labor force at present size.

Yet, after considering these factors,

MANAGEMENT'S Washington LETTER

government agencies estimate 1948 volume at 10 to 20 per cent above 1947's record high.

Prices—probably up as building trades take part in third round, as new freight rates apply to materials cost.

Biggest volume increase will be in public buildings on state, local levels.

Need is critical for schools, hospitals, other institutional buildings—it's part of new population problem.

Another reason: Public bodies are less likely than individuals to delay needs because of price.

► THERE'S SLIGHT CHANCE for passage of Capehart Bill to establish federal transport department.

Bill would put all transport regulatory commissions into one department.

Transportation men say flood of opposition will come from all branches when hearings open before Senate interstate and foreign commerce subcommittee.

Common objection: Under present setup politics is held at minimum in decisions of quasi-judicial regulatory commissions. Secretary of transportation would open political pipeline from White House to each agency.

► BRIEFS: Trans World Airline, operating 27,000 miles of global routes, has daily cost-revenue report covering yesterday's business....Coal is supplying 47 per cent, oil 30 per cent, natural gas 12 per cent, hydroelectric power 11 per cent of energy U. S. industry is using this year....Are "allocations" by manufacturers becoming sales promotional plans? Some buyers at Chicago's January furniture show thought so....You'll get better springs in furniture this year—both in cushions and prices, which are springing up 5 to 20 per cent....Flexing wings crack paint, which knocks 25 miles per hour off speed of jet fighter planes....Production of 3,000,000 vacuum cleaners in 1947 still leaves half the wired U. S. homes without them....Lead production has gone up—not down—since subsidy plan ended. Probable cause: Men released from marginal producers have gone to more productive mines, increasing production per man....Newspaper headline writer sums up U. S. current business: "Armour Year's Sales Up 65% in Value, 25% in Volume; Net up 10%."



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SEE WHAT IT CAN DO FOR YOU! ➡ In a single 7-second operation, a complete record of your savings deposit or withdrawal is printed by the National Window Posting Machine in your passbook, on the ledger card, and in the bank's journal. A miracle of speed and accuracy!

And a miracle you'll find repeated in thousands of other businesses of every size and type. Where National *mechanized* accounting systems are speeding figure work and cutting accounting costs up to 30%! Ask your local National representative to check your present set-up, and show you your possible savings. No cost or obligation. And remember: *Every National installation is tailor-made to the client's own particular requirements.*

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TRENDS



OF NATION'S BUSINESS

The State of the Nation

CAREFUL examination has been given to the various economic aspects of the European Recovery Program. First planned from the viewpoint of Western Europe's minimum need, it has already been modified by consideration of our own vital interests. Further modification of ERP is to be expected as more data concerning its effect on our economy is assembled.

Much less thought has been spent on the political consequences of ERP. By this is not meant its effect on the political fortunes of this or that candidate, but the effect of ERP on the basic form and structure of our Government. Let us dramatize the issue a little by asserting that ERP may determine whether or not the United States is to remain a federal republic.

The alternative to a republic, in this instance, is an empire. An empire is simply a political system which undertakes large and continuing commitments in respect to people who are not represented in the imperial government. These commitments may be undertaken for a variety of purposes—to promote trade, to win converts to a religion, for self-defense or for aggression. Politically speaking, the purpose is less important than the structure of government which the empire demands.

An empire must have a strongly centralized government. It must be what political scientists call a "unitary state." A federal republic cannot run an empire because the whole idea of federalism is to limit the power of the central government. Therefore the establishment of an Ameri-

can empire would mean the end of the American republic, as it was originally designed.

Since few of us want to see this republic scrapped it is disturbing that this primary political consideration has been so completely subordinated to discussion of the effect on prices and so forth. Surely the issue which underlies all others is whether or not ERP is consistent with our form of government. Before an individual makes a major decision he considers not only the effect on his pocket, but also the relation of the choice to his ideals. An important national decision similarly demands review of whether or not it is "in character."

• • •

It is one of the most important duties of Congress, as a representative body, to give a review of this kind before a national decision becomes irrevocable. The hearings and the debate on ERP since Congress reconvened after the Christmas recess have begun to bring out some of the major political implications of the program.

Already Congress has clarified the point that was completely missed in most of the early editorial comment on the Marshall plan. This point is that the way in which ERP is administered is a matter of much greater fundamental importance than the amount of money it spends.

Until publication of the long message which President Truman sent to Congress last December there was no general knowledge of the type of organization planned for ERP. This message

Imagine a store with gifts like these...



aluminum luggage that gives strength and beauty... aluminum appliances that can't rust or corrode... aluminum furniture that moves with a touch



aluminum toys that are light but rugged... aluminum sports equipment that lasts for years

More and better aluminum products—today...with

Kaiser Aluminum

a Permanente Metals product

ACTUALLY, a large department store could be opened today which features *nothing but* aluminum products.

For all the products pictured above—plus hundreds more—are being made right now, offering more *usefulness*, more *convenience*, more *beauty*.

Recognizing this, millions of people are *demanding* aluminum-made products, whether it be for building materials, household appliances, house trailers, garden tools, or what have you.

You, too, can demand—and *get*—these products. They're now being made in ever greater quantity because Permanente Metals, led by Henry J. Kaiser, is rushing to manufacturers the light, bright, lasting metal that makes them possible.

In but a single year of operation, Permanente Metals' huge processing plants produced 175 million pounds of plate, sheet, and strip aluminum. Almost as much as the entire industry produced in the most productive year before the war!

That's why there are more and better aluminum products... *today*... with Kaiser Aluminum!

Get the Manufacturers' names

For the names of manufacturers nearest you who make the aluminum products pictured above, write:
Permanente Products Company
Executive Service Division, 1874 Broadway, Oakland 12, California

More than 600 products are now being made of Kaiser Aluminum.

More than 1,000 manufacturers are using it.

Yet Kaiser Aluminum has been on the market for only 1½ years!

For a sample of the kind of action that brought us so far so fast, call any Permanente Products' office... and put us to work for *you!*

KAISER ALUMINUM IS SOLD BY PERMANENTE PRODUCTS COMPANY, KAISER BUILDING, OAKLAND, 12, CALIFORNIA—WITH OFFICES IN:
Seattle • Oakland • Los Angeles • Dallas • Wichita • Kansas City • St. Louis • Atlanta • Minneapolis • Milwaukee • Chicago • Cincinnati • Cleveland
Detroit • Boston • Buffalo • New York City • Philadelphia • Washington, D. C.

revealed that the President wanted blanket authority to operate this special program for 51 months, spending up to \$17,000,000,000, without congressional control of any kind.

There was never a chance that the Eightieth Congress would approve this truly extraordinary request. In the first place, the suggestion that this Congress should bind its successors, until June 30, 1952, is contrary to the basic principle of representative government.

But the administration did not meet this issue squarely when it agreed to set no total figure now. On January 8, Secretary Marshall requested that "Congress now authorize the program for its full four and a quarter years' duration." Such authorization would imply the full appropriation originally asked, and perhaps more.

As dangerous as the subordination of Congress is the contemplated enlargement of bureaucratic power. In his message, the President recommended "establishment of a new and separate agency" to be called the Economic Cooperation Administration. This would be headed by an administrator "appointed by the President and directly responsible to him." Nevertheless: "The administrator must be subject to the direction of the Secretary of State on decisions and actions affecting our foreign policy."

Of course every action taken under ERP will necessarily affect our foreign policy. The hostile Russian reaction to the program is sufficient demonstration of that fact. Therefore, in practice, the President's plan simply means a tremendous enlargement of the power and influence of the Department of State, already so swollen and ill-organized that its countless new bureaus and sections work at cross purposes. The Department of State, moreover, is the branch of the executive establishment over which Congress has the least control, and the only one in which a bungling policy can make war inevitable.

Fortunately, many members of Congress had begun to consider the administrative side of the Marshall plan well before the President's message of Dec. 18.

On Nov. 25, Rep. Christian A. Herter, of Massachusetts, introduced legislation providing the alternative method of control which the Republican leadership desires. Mr. Herter was chairman of the Special House Committee which last summer investigated European conditions at first hand. His bill (H. R. 4579) tries to meet the vital needs of western Europe without doing violence to the American political tradition.

The Herter bill recognizes the paramount responsibility of the Department of State in the management of ERP but, at the same time, safeguards the public interest in the matter. Its administrative machinery is as democratic as that

desired by the President is dictatorial.

H.R. 4579 provides for a policy-making Foreign Aid Council, of which the Secretary of State would be chairman and on which all departments and agencies with a policy interest in ERP would be represented. But the actual operation of the program would be in the hands of a non-political, businesslike corporation, to be known as the Emergency Foreign Reconstruction Authority. The quarterly reports of this corporation would be submitted to Congress as well as to the President and, of its eight directors—five constituting a quorum—"not more than four shall be members of the same political party."



Under the Herter plan, the directors of ERP would be business experts, called in by the Government to do a complicated technical job as a temporary emergency service. Under the President's plan ERP would provide an excuse for permanent enlargement of an already swollen bureaucracy, concentrated in a department where operations are particularly easy to conceal from public scrutiny.

It is not exaggerated to say that the issue focused by these contrasting plans is whether our Government shall continue to be responsible to the people, or whether the trend toward executive dictatorship shall be encouraged to make even greater headway. That issue, rather than the amount of money involved, is what makes the current debate on ERP a matter of historic importance. Of course the huge sums requested magnify the constitutional issue. But they do not create it.

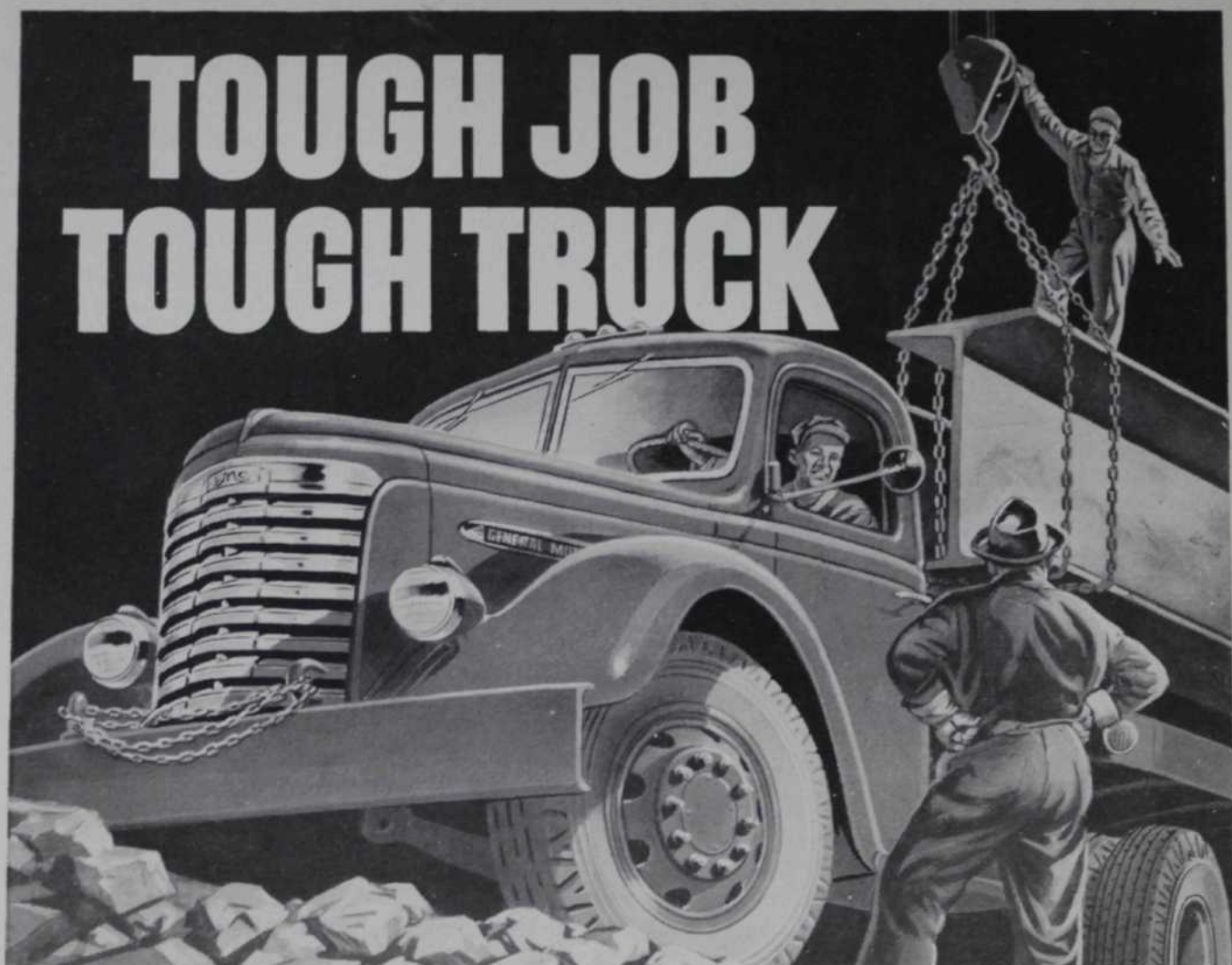
If the executive continues to gain power at the expense of the legislature the time will come when our whole federal system will seem to be archaic. Why retain state governments, or state representation in the Senate, if the states have ceased to have any real authority by contrast with the overwhelming power of Washington?

When Julius Caesar decided that the time had come to overthrow the Roman republic, and create an empire, he made a famous statement to justify his seizure of power. He said: "*Nihil esse rem publicam, appellationem modo sine corpore ac specie.*" (It is nothing to be a republic, a term now without substance or distinction.)

The character of the organization developed to conduct ERP will be even more important to the United States than to Europe. It will help to show whether we think as little of our republic as Caesar did of the one which he destroyed in Rome.

—FELIX MORLEY

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When there's heavy hauling to be done, there's nothing like a heavy duty GMC. Here are trucks that are designed and engineered by specialists in commercial vehicles exclusively . . . trucks that are built to take the toughest jobs in stride. Engines are truck engines . . . powerful GMC-built valve-in-heads engineered to stand up under the most rugged going. Chassis are truck chassis through and through . . . designed to haul big pay loads, day after day. There are engine, chassis and equipment options in wide variety to meet every specific hauling need. For stamina and sturdiness you can't beat a heavy duty GMC . . . and many models are now available for quick delivery.

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A wide range of heavy duty gasoline and Diesel truck types . . . gross weight ratings from 19,000 to 90,000 pounds.

Strongest, sturdiest chassis GMC has ever built . . . rugged, truck-designed axles, transmissions, clutches, brakes, frames, springs.

Powerful, dependable GMC-built valve-in-head gasoline engines of the same basic design as the famous GMC "Army Workhorse" . . . four heavy duty sizes.

Exclusively designed and engineered Diesel chassis with many specialized features . . . exclusive, famous GM 2-cycle Diesel engines in two power ranges.

THE TRUCK OF VALUE



GASOLINE • DIESEL

The Month's Business Highlights

PASSAGE of another month strengthens the idea that prosperity will prevail for at least another year. Nevertheless, 1948 is certain to be a critical period—a year in which decisions will be made that will determine the course of events in 1949 and for many a day to come.

There will be less war talk this year than last. Notwithstanding the importance of developments abroad, principal concern in the United States will center on domestic matters. To start with, it is a presidential election year. This points up all public issues.

The American people in 1948 will be interested principally in such questions as these: "Will inflation subside?" "Will a depression set in?" "Will the financial structure be shaken by a flood of sales of government bonds?" The answer to each of these questions probably is "no," in so far as 1948 is concerned, but they will be of daily concern throughout the land.

The dangers in the domestic situation are widely recognized. Everyone has been alerted. Political leaders are handicapped by the fact that this is an election year. This throws greater responsibility on business leaders. Bankers particularly are in a position to influence credit expansion, which is one of the most important factors in the situation. Authorization by Congress of credit control is still a possibility. It is more likely to be employed than direct controls. Politicians prefer indirect methods when it is necessary to take steps in controversial situations.

Loans Are Curtailed

Formal action by state and federal banking authorities in urging all lending institutions to curtail loans for speculative purposes and for overextension of consumer credit is having an effect. Speculative loans, usually well secured, are being voluntarily curtailed. Therefore, it would seem that banking policy is not being dictated by caution as much as by a sense of responsibility.

Proposals to raise Federal Reserve requirements from 25 to 40 per cent, as an anti-inflation measure, continue to agitate Congress. There is a feeling that, in the maneuverings of the current campaign, inflation is being used as a political football.

The general public naturally is not versed in

TRENDS



OF NATION'S BUSINESS

banking practices, but they are understood by bankers and by many business men in every community.

The reserve percentage at this writing is 48. The Federal Reserve could add \$5,000,000,000 to its deposit and note liabilities of \$44,000,000,000 before the 40 per cent minimum is

reached. Also, gold is coming in, adding to the reserve base. The Reserve Bank portfolio is not increasing.

The danger comes from expansion of member bank credit which requires less than one sixth of Reserve Bank credit. On the basis of the proposed expansion of Reserve Bank credit, even ignoring gold imports, member banks could add \$70,000,000,000 to their loans—and that limit is not likely to be reached before the inflation breaks.

It would seem that the proposal is unimportant and harmless except to the extent that it takes the place of effective action and gives a false appearance of such action while accomplishing nothing.

A Ceiling on Credit

If the required reserve ratio were raised to 50 per cent, it would effectively prevent the Federal Reserve Banks from expanding their portfolios. It would reinforce the levee all along the line. If such a ratio were to be adopted, however, the action would make it impossible for the Federal Reserve Banks to support the government security market if a flood of selling should develop. Most bankers believe no absolute legal prohibition should be substituted for the exercise of judgment, but a categorical denial of power to Federal Reserve officials would only make them feel impotent and relieve them of responsibility for coming events. The Federal Reserve's real power to affect credit conditions under present circumstances rests in its ability to reduce its portfolio of government securities. The question is whether Congress intends to direct the Federal Reserve to do that and, if that is the intention, whether Congress is aware of the possible effect of such action in causing government bonds to fall below, and possibly far below, par.

If Congress really means to have the Federal Reserve act effectively and not only go through the motions, as would be the case if it limited itself to the raising of the discount rate and the



"Vision is Indispensable to Progress"

A radio runway in the sky that reaches out to bring you in—swiftly, surely

Since the first U. S. airline was established in 1914, the aviation industry has made progress of which every American can be proud.

From the birth of aviation, however, fliers have faced one baffling problem: how to land swiftly and surely in all kinds of weather.

Today, in the laboratories and on the testing fields of the nation's great aviation, instrument, and electronics companies, this problem is being solved.

Increasingly, in days ahead, your plane will land promptly and with precision—in fog, rain, and snow.

How?

Unerring, automatic landing systems using ruler-straight, microwave radio beams build a "runway in the sky"... No matter what the weather, your plane

will bank gently and let down to a landing as neat and clean as though the air were crystal clear.

These landing systems—incredibly complex but incredibly accurate—are now undergoing exhaustive tests. It may be five years before every plane can use the "runway in the sky," but use it they will, as surely as the sun will rise tomorrow.

Carried out by men who think ahead, industrial research is chalking up the answers to "impossible" problems. In this country, where companies are free to focus upon the future the unfettered in-

genuity of man, industrial progress is unequalled anywhere on earth.

* * *

An appreciation of the value of research is among the qualifications of a good commercial bank. The officers of Bankers Trust work to understand the aims, the operations, and the problems of their customers. Such understanding is a requisite for applying judgment, experience and resources creatively to the service of industry and the nation.

BANKERS TRUST COMPANY NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



reserve requirements for reserve city banks, then it should be prepared to face the possible consequences to the government security market. The Board has asked for a special security reserve saying it is necessary to protect a substantial part of the public debt from the impact of restrictive policy on the money market.

Nothing on the horizon indicates interference with smooth sailing during the remainder of 1948, but the day of inevitable adjustment will be brought nearer if price rises are rapid. General opinion is to the effect that such rises will be gradual, thus postponing the break. If Sir John Orr is right in his estimate of the world food deficit, any important decline in farm prices is farther away than most students of the situation have been led to believe.

The fact that nearly every analysis made of this or that business situation includes a note of caution tends to encourage the feeling that the joy ride cannot last forever. As such a feeling grows, it will act as a restraining influence.

A striking development of the times is the rapidity with which agriculture is being mechanized. This calls for large capital outlay, most of which is being provided through regular banking channels.

Farming operations used to be conducted in unbusinesslike fashion. A survey by the Federal Reserve Banks and the Federal Deposit Insurance Corporation reveals that a great change has taken place. Formerly the farmer concentrated his attention on the production of crops and paid little attention to systematic management. As a result, much of the profit from his hard work was offset by losses due to lack of management. Acquisition of farm land and loans on farm real estate have been well handled for a long period of years but the farmer frequently has been victimized in obtaining short-term credit. The day of the 20 per center is about over. Farmers now are using the banks for most of their short-term borrowings just as do merchants.

Since it has been apparent for many months that a large-scale program for European relief would be adopted, the preliminary program was actually launched with dispatch and in an orderly way. The producers and those who must process and transport the supplies were well organized for the task. While it is too much to expect other than criticism from antiadministration forces in a presidential election year, non-political observers feel that the government machinery set-up in that connection promises to be effective.

To provide first the aid most needed is not the hardest part of the task. Attention is being concentrated on food, fuel, fertilizer and articles of clothing. These items are available and their

movement abroad began with the signing of the stopgap aid bill. Wheat is such a usable foodstuff that it is being moved first. It already has been produced. It is only a matter of handling and transportation, neither of which offers particular difficulties, although the policy governing ocean shipping has aroused opposition. The clamor for cheaper bread in Europe is being met. The program calls for relatively small amounts of meat. The real effect on the American meat supply is indirect.

These first needs may deplete the American backlog, but their delivery presents no production or distribution problems. That is not the case with the manufactured articles which must come next. Those problems, however, have been well thought through with a view to the granting of maximum aid needed most in Europe with the minimum disturbance to our own economy.

An important part of the program is the use of our know-how in the Marshall plan countries in organizing their production and working out the incentives necessary to get enthusiastic cooperation.

When interim aid received congressional approval it was notice to Russia that the United States will support the Truman doctrine. There remain questions as to conditions under which the support will be provided. Those conditions will have an important bearing on American business as will decisions made in Moscow.

Failure of the foreign ministers' conference is not seen as an unmixed misfortune. Some think two worlds may promote competition between the systems that will keep each on its mettle. Many will welcome a showdown with the Communists.

Voluntary action in channeling scarce materials and in the control of inventories is having a tryout. Many think it presupposes too much public spirit and too much farsightedness. It is feared that competitive pressures and lack of broad understanding make it difficult to obtain results from voluntary action that restricts freedom in the conduct of business. Inflation, like war, calls for strong government leadership with authority to require compliance, many believe.

All the Marshall plan loans are likely to be channeled through the Export-Import Bank, an institution which has the confidence of Congress. Although the Bank's machinery and personnel will be used, it will lose much of its autonomy. Nevertheless, it will enter upon a much more important phase of its life.

—PAUL WOOTON





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"Like adding pleasant hours to the working day"—that's what many Office Managers have learned about the benefits of Chrysler Airtemp Packaged Air Conditioners.



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"Smooths out hot-weather production slumps"—that's the record of efficiency Chrysler Airtemp Packaged Air Conditioners have written in hundreds of factories.



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"Customers stay longer, buy more"—that's the answer in retail establishments. Customers prefer the cool comfort of Chrysler Airtemp Packaged Air Conditioners.



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HEATING
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COMMERCIAL REFRIGERATION

Washington Scenes

THE political season is here. From now until the voters march to the polls, politics will dominate the American scene. The stakes in the November showdown, after the oratory and hullabaloo are over, will be high—control of the Government of the richest and the most powerful nation the world has ever seen.

It is a thrilling thing to contemplate, this quadrennial drama in which the people choose their President, the 435 members of the House, and a third of the Senate.

True, but it is a fact that some citizens await it with apprehension. They worry lest the excitement and passion of a campaign have an unsettling effect on business or finance, or disturb some cause or movement in which they are absorbed. It has always been that way.

In the campaign of 1944, I heard a surprising number of men (Republicans as well as Democrats) say that the presidential election ought to be skipped. The United States, they argued, could not afford the luxury of an election when it was engaged in a great war, fighting for its very existence. Anyway, they would sometimes add, everybody knew how the election was going to turn out: it would be Roosevelt. Why then plunge the country into a noisy campaign, wasteful of time, money and energy?

No Moratorium On Elections

The obvious answer, of course, was that the Constitution required it, that there was nothing in that great charter that permitted a moratorium on elections. It could be said, too, that it was proof of America's great strength, and a compliment to her people, that she could fight a global war and hold a national election at the same time.

So far as I could see in '44, and I traveled widely on Gov. Thomas E. Dewey's campaign train, the talk about politics slowing up the "war effort" was mostly bunk. The United States took the campaign in its stride, and went on producing more than its friends and foes combined. Needless to say, it would have been that way even if FDR had been defeated.

Today, in retrospect, millions of Americans must be thankful that there was no way to "skip" the 1944 election. If there had been no Democratic national convention that year, if no change had



been made in the vice presidential nominee, the man in the White House today would be Henry A. Wallace.

The chances are that the '48 campaign will do little to disturb the stream of American life. But even if it did, the election would still be a wholesome thing. Lord Bryce, in his "American Commonwealth," told why:

"The (presidential) election is a solemn periodical appeal to the nation to review its condition, the way in which its business is carried on, the conduct of the two great parties. It stirs and rouses the nation as nothing else does, forces everyone not merely to think about public affairs but to decide how he judges the parties. It is a direct expression of the will of millions of voters, a force before which everything must bow. It refreshes the sense of national duty; and at great crises it intensifies national patriotism. . . ."

What is needed in the United States is not less politics, but more politics; a far greater participation in public affairs than is now the case. All students of government agree on that. Whatever the reason—cynicism, laziness, or distractions—a shockingly large number of Americans stay away from the polls on election day.

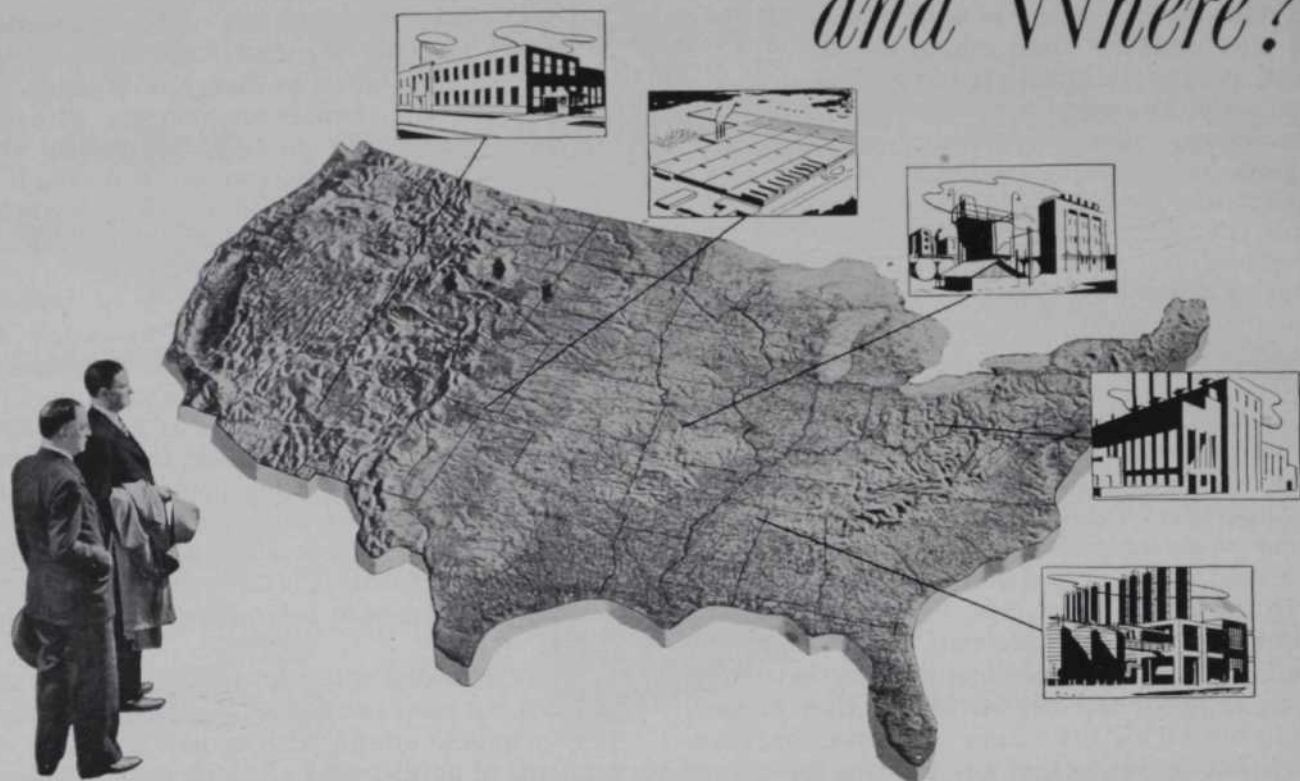
This raises a question. Has some of the romance and lustiness gone out of American politics? Sometimes, in reading our political history, one is led to think so. In the old torchlight era, campaigns sparkled with catchy slogans and rollicking campaign songs: "Equal rights for all; special privileges to none," which helped elect Jefferson in 1800; "Tippecanoe and Tyler, too"; "Van, Van is a Used-Up Man"; "Who is Polk?" "Forty acres and a mule"; "Grover, Grover, four more years of Grover; if he comes, out they go, then we'll be in clover." Also the rallying cry of the Cleveland cohorts, "We love him for the enemies he has made."

The Wilson slogan of 1916, "He kept us out of war," was highly effective, but later caused the Democrats much embarrassment. The Republican slogans of 1928—"Two chickens in every pot" and "Two cars in every garage"—also boomeranged.

The 1946 G.O.P. slogan, "Had enough?" was a bull's-eye phrase, but it has been a long, long time since American politics has produced a rousing campaign song.

Some sincere citizens, disgusted with partisan-

What kind of plant do you need.. and Where?



WIDE VARIETY OF READY-BUILT, READY-TO-OCCUPY INDUSTRIAL PROPERTIES AVAILABLE NOW

Ready-to-occupy industrial facilities, hundreds of them, suited to almost every type of commercial or manufacturing enterprise, are available now through War Assets Administration. A variety of modern, well-built plants; space for 50-man or 500-man businesses; small, individual units; production giants; plants of all kinds are ready and waiting for immediate occupancy. Some of these may exactly suit your needs or be easily and economically adaptable to your particular requirements.

Plant sites in industrial cities, metropolitan areas, seaports, mining towns, in

locations of every description, have already been the answers to plant relocation and expansion problems for scores of industry's executives and proprietors of smaller businesses. Many fine properties are still available.

Why not take advantage of this practical way to buy or lease Government-owned plants? Write, wire or phone your plant needs to our nearest Field Office. The new Plantfinder, descriptive literature and full information on how you can bid on properties that interest you is yours on request.



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Map copyright by The Ohman Co., Memphis, Tenn.

ship, plead for a truly national figure in the White House, "a man above party and faction." Such a man was George Washington, but he was the last. Parties were taking form even while Washington held office, and not even he, revered as he was, escaped the blast of partisan fire. He complained that he had heard himself assailed "in such exaggerated and indecent terms as could scarcely be applied to a Nero, a notorious defaulter, or even a common pickpocket."

The development of the party system in the United States was inevitable. In the past, even men who held parties to be "evil," have agreed that they were a "necessary evil." But today they would seem a thing to shout about, when a good part of the world is dominated by a one-party communist tyranny which tolerates no rivals.

Another thing that discourages some Americans, and deters them from taking a more active part in public affairs, is a belief that politics is for professionals; that the views of the average voter are forever being thwarted by men who meet in smoke-filled rooms at "2:11 in the morning," to recall Harry Daugherty's remark of 1920.

Apparently, the notion that politics is something to be entrusted only to experts is a very old one, for even before the Christian era we find the Roman philosopher, Cato, saying:

"Some have said that it is not the business of private men to meddle with government—a bold and dishonest saying, which is fit to come from no mouth but that of a tyrant or a slave. To say that private men have nothing to do with government is to say that private men have nothing to do with their own happiness or misery; that people ought not to concern themselves whether they be naked or clothed, fed or starved, deceived or instructed, protected or destroyed."

The fact of the matter is, and any veteran political reporter will testify to it, that politicians are often credited with a skill and an omniscience which they in no way possess.

On the question, Who will be the next President of the United States? the guess of the average well posted business man or professional man is as good as that of any politician. Ten months in advance of the election, nobody knows with any degree of certainty what is going to happen. Is there doubt about this? Well, a mingling with politicians in Washington would soon confirm it.

The newest development, Henry Wallace's announcement that he will run for President on a third-party ticket, has provoked the wildest kind of speculation among the professionals. Obviously, somebody has to be wrong when both Republicans and Democrats begin cheering and claiming that Wallace's bolt will be a break for

their own party. Perhaps the best way to begin appraising the Wallace development is to recall how politicians, Republican and Democratic, felt before the Iowan made his hat-in-the-ring announcement.

They considered the matter in the light of two questions: 1, how would it affect the battle for the Republican presidential nomination? and 2, how would it affect the November election itself?

There was a widespread belief in G.O.P. circles that Sen. Robert A. Taft of Ohio would be the chief beneficiary of a Wallace bolt. The reasoning was that Taft would be the most likely choice of the Republicans if they could once rid themselves of the fear that he might be defeated by President Truman. A Wallace third-party ticket, it was further reasoned, would split the Democratic vote and thereby make a Republican victory as certain as anything could be in politics.

Nobody in Washington was happier than Rep. Clarence Brown of Ohio, rotund campaign manager for Taft. He led the joyous Republican cry of "We're in in '48."

However, a Gallup Poll in New York, taken after Wallace's announcement, was none too encouraging for the Taft camp. This showed that Mr. Truman would beat Taft in the Empire State, even with Wallace in the race. The same poll showed that, under the same circumstances, Mr. Truman would lose if pitted against Gov. Thomas E. Dewey or Gen. Dwight D. Eisenhower.

Before the Wallace bolt, most Democratic strategists felt that a third-party ticket would be a severe, perhaps a fatal, blow to Mr. Truman's chances in November. They feared that Wallace might attract votes away from Mr. Truman in states like New York and California and that this would clinch the election for the Republicans.

Once they became certain that Wallace was going to run, however, many Democrats began to see "favorable aspects." They argued that, at last, their party could go before the people purged of the communist left wing that once supported Roosevelt. They claimed that any losses on the left would be made up by gains on the right, and that Truman, like Grover Cleveland, would be hailed for "the enemies he has made."

This was not altogether a case of trying to put a good face on things. Many Democrats, including some of the most sagacious men in the party, sincerely believed that the Wallace business was a case of "good riddance." Others, with just as good a reputation for sagacity, took a melancholy view. The point is, at this stage of the '48 campaign there are no infallible experts. The curtain is just going up. It ought to be a great show.

—EDWARD T. FOLLIARD





At the center of the Pacific Coast.

5 huge fast-growing markets.

Most favorable location for fast, low-cost distribution.

Terminus of the 3 transcontinental rail systems.

Airways center of the West

Centrally located world port.

Largest integrated power system in the Nation.

MILD climate permits year 'round production.

The NATURAL Industrial Center of the NEW West

Some of the facts back of this 11-year-old slogan are briefly stated above. They are more fully explained—along with many others—in our 52-page factbook, "How To Win the Markets of the NEW West."

Every manufacturer or wholesaler who is thinking West needs this book. Its facts, figures, photos and airplane-view maps will give you a clear, overall picture of the amazing NEW West and Metropolitan Oakland Area.

200 big-name manufacturers and wholesalers located here prove the truth of its statements.

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DISCOVERY CENTENNIAL—**
Celebrations in Northern California throughout 1948. Many other special events and scores of points of interest. Ask for Special Events folder.

WRITE FOR THIS FREE FACTBOOK!

When you have studied its data and statistics you will want more detailed information. If you will write us—in confidence—the requirements of your western operation, we will compile a special report directly applied to your problem.

As the first step, write today for "How To Win the Markets of the NEW West."

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7802

How Dead is the New Deal?

By JUNIUS B. WOOD



Panic ushered in the New Dealers



They came up with deposit insurance



They kept a watch on new securities



Some of their works will last for ages



They gave us a Lady Bountiful

FIFTEEN years of chaos and strife have produced another United States—changed in habits, thoughts and structure. In those few years more happened to nations and people than ever before in history. In this dynamic country, the changes came fast.

Some were innovations, others merely amplified or opened new approaches to what already had been started. Many will continue as permanent institutions in the American way of life. Others, gone if not forgotten, served a sort of purpose—they never need be tried again.

Much of the world will remember these crowded pages in history as the period which led up to World War II. In the United States they will be known as the Roosevelt Administration or the period of the New Deal. It was a period when one man held the guiding reins until his grip weakened, but the producers of ideas were as changing as the shells on the beach under sunshine and shadows. They flashed into

prominence or disappeared with every rising or falling tide.

The New Dealers came into office with a financial panic when uncontrolled forces had dislocated the orderly ways of life and society was receptive to changes—economic, social and political. When the slump which gave the New Deal its birth was reaching its end—as other depressions always had—the world was frantically spinning into its greatest war. Meeting emergencies was the New Deal's stock in trade. If none was left on its doorstep, its scouts could find one. New tactics to whip each crisis, new sales talks and new faces were in keeping with the fast-changing time. Starry-eyed do-gooders flocked to Washington, along with political opportunists, those feathering their own nests, slide-rule statisticians, apostles of change, and practical people who had walked with misery and wanted to see it corrected.

Resourceful in ideas and daring in their execution, the changing

cast put on a show filled with contrast in policies.

Tackling anything, great or trivial, with equal glee, the New Dealers issued administrative orders to change the law of supply and demand, the manifestations of nature and the conduct and ambitions of mankind. They promised a better world for man and beast, the birds above and the fishes below.

They harnessed rivers with concrete dams which will stand for ages—Grand Coulee alone waters an area equal to Rhode Island—and rearranged the tombstones (but not the graves) in the Colonial cemetery in Ipswich, Mass., in orderly rows and according to size.

They rode into office on a platform pledged to economy and reduced expenses, but quickly adopted a policy of borrow and borrow, spend and spend. They abolished instalment buying for citizens and loaded them with a national debt on which their grandchildren still will be paying instalments.

The New Deal insisted on finan-

cial integrity by individuals and at the same time arbitrarily reduced to 60 cents the value of every dollar which the Government had promised to pay. By raising the value of gold, which no other nation buys, from \$20 to \$35 an ounce, it claimed a bookkeeping profit. Though many economists doubt that gold will return to its former role in world trade or as a circulating medium in the United States, the Government continues buying.

The Atlantic Charter of Freedom for all people was proclaimed to the world and, a few months later, Yalta and Potsdam secretly sold those who had trusted its promises

Behind all this confusion was a philosophy, alluring but not new. Its teachings are:

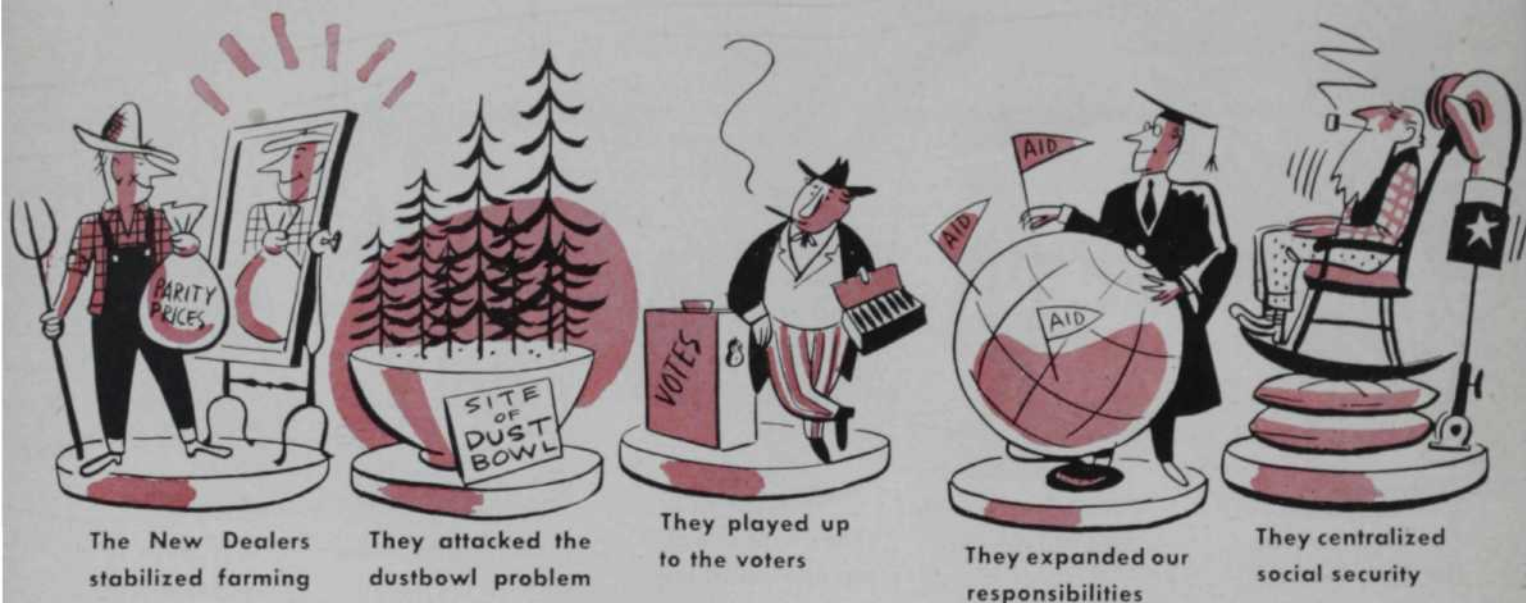
1 Government control of the nation's dynamic and competitive economy and a regimented people are necessary in order to meet each emergency and avoid national disaster.

2 National resources, production and credit must be pooled and directed by the Government. Owners—from the time of Noah's animal monopoly—are selfish and only Government can distribute wealth equitably to all citizens.

corporations—and according to congressmen now digging into its past—evaded appropriation acts by diverting unaccounted billions to other government departments.

In the field of public works, the predecessor of TVA had been started by Woodrow Wilson, but the Public Works Administration finished it and then went on to Hoover Dam and other immense building projects.

Social security was another field already well explored. Bismarck introduced it into Germany; most states had employment liability and insurance while many employers had sick benefits and pension



into slavery. The New Deal fostered suspicion of business and employers but called on them to produce, though not without profit, for the entire world. No nation ever made such a record and American industry turned the scales of war.

The New Deal's blithe derision of habits of thrift through promises that Government always would provide changed to insistent appeals to buy government bonds and save for the future.

The New Deal succored the needy but did not overlook the improvident who had votes and cast them. Trade unionists were white-haired boys who also voted, though not as regimented as hoped. Government spending and war tapped an unending flood of money. Private business profited in spite of high taxes, restrictions and denunciations that it was avaricious. The advocates of a better world had sharp tongues, and any who differed with the New Deal quickly learned either to join the chorus of praise or keep silent.

3 Government must spend to stabilize national prosperity and support the unproductive.

4 Government has a duty to protect its citizens from the hazards of old age, sickness and each other.

5 Government must divide the people—not as a goal in itself but as a necessary adjunct to the other parts of the program—so that controls which the nation would reject if they were offered for all, may be established in the beginning over small segments of the population.

To reach these goals, the New Dealers created hundreds of new bureaus and found new uses for those already in the Government.

The Reconstruction Finance Corporation, for instance, was in swaddling clothes when the New Deal took over. Its powers were expanded to include almost every conceivable financial activity. It guarantees business mortgages, finances numerous government

funds for employees and families. It remained for the New Deal to centralize this activity and expand it under federal domination.

Farm relief was another well-plowed field but the New Dealers contributed parity prices and crop insurance and broadened the field of the Federal Land Bank and Intermediate Credit banks. They established Production Credits Corporation and cooperative banks for farmers, offered free advice, free fertilizer, promoted contour plowing and strip planting. They planted 250,000,000 trees to form the world's largest man-made wind-break against dust storms.

The effects of these and other activities were frequently lost to view amid the excitement caused by the activities of temporary Works Progress Administration under the late Harry Hopkins. This ubiquitous agency spent billions on projects as varied as dog pounds with showerbaths, dead-end roads into deserts, and privies for farms.

Those activities, having contrib-

uted their share to public debt and public merriment, are gone. Gone, too, is the fixing of prices of daily necessities and the rationing that was a part of wartime experience.

Not gone is the impact of the New Deal philosophy on the American way of life. Its mark is seen in the increased regulation of the lives and activities of the people.

A few of the fields where the New Deal has left its imprint include:

Banking: The Federal Deposit Insurance Corporation was organized (Senator Vandenberg claims credit for the legislation) to insure individual deposits up to \$5,000, a

born. When its board of governors was alarmed at speculation, 100 per cent margins were required. Recent unsavory disclosures of speculations in war bonds and President Truman's demand for similar authority over commodity exchanges which deal in cotton, grain, sugar, coffee, cocoa and other food supplies would suggest they were overlooked when a government halter was put on stocks and bonds.

"Not at all, that was merely another squabble in the New Deal family," an elder son now explains. "The Secretary of Agriculture resented any intrusion in his control of farm markets and the Secretary

real estate mortgages for \$2,500,000,000. For those who rent, the Federal Public Housing Authority and its predecessors have spent still more billions to build low-rent homes or to finance those constructed by cities or rural districts.

Social Security: A goal of all who realize that time is inevitable, social security has become permanent in American life. Many prefer to transfer their personal responsibility to the state.

Public Works Projects: Now an accepted obligation of Government if need should arise to take



bank paying one twelfth of one per cent premium. Of the 14,725 banks in the United States and its territories, only 1,231 do not carry such insurance.

The Federal Home Loan Bank System, which the New Deal inherited, gives similar protection to 3,600 loan and homestead associations, 25 savings banks and 14 insurance companies with assets around \$10,000,000,000.

Exchanges: The Securities and Exchange Commission was ordained by the New Deal to put "truth in securities." It does not guarantee investments, but does compel promoters to have more than a hole in the ground before floating a stock or bond issue of more than \$300,000.

Authority to fix margins on Stock Exchange purchases was given to the Federal Reserve Board. The Reserve system had been established to back up the banking system and make dollars more elastic, 20 years before the New Deal was

of the Treasury feared that such control might slow down the sales of war bonds."

The commodity exchange authority corrected abuses and, in response to another demand from President Truman, the exchanges have fixed margins at 33 1/3 per cent. While margins influence market fluctuations, the driving force in the increasing cost of living is purchasing by the Department of Agriculture.

Housing: A dozen New Deal agencies were merged into the National Housing Agency. As a big real estate operator, the U. S. Government is excelled only by the Soviet Union where everything is owned by the state. The Home Owners' Loan Corporation advanced more than \$3,000,000,000 to a million persons whose credit was too shaky for private loans. To date, more than 80 per cent has been liquidated. At the same time, the Federal Housing Administration guaranteed 5,600,000 private

up the slack in private employment. The New Deal awakened the public to the need for conservation of natural resources and construction for the future. Government will be called on for a repeat make-work performance if depression comes.

Parity Prices for Farm Products: One of the many features of crop and market control to make farming dependable and attractive. Farming must be stable for any permanent national economy. Government will continue its program and try other ways to eliminate uncertainties.

Like a lately departed South American dictator who welcomed every new corporation in which he received a block of stock, the Government has become a partner or investor in many ventures. In the popular mind it is the responsible partner, the investor whose wealth guarantees any undertaking.

The test of permanency for New
(Continued on page 66)



SCREEN TRAVELER FROM GENDREAU

If the dollars we lend abroad are ever to be repaid,

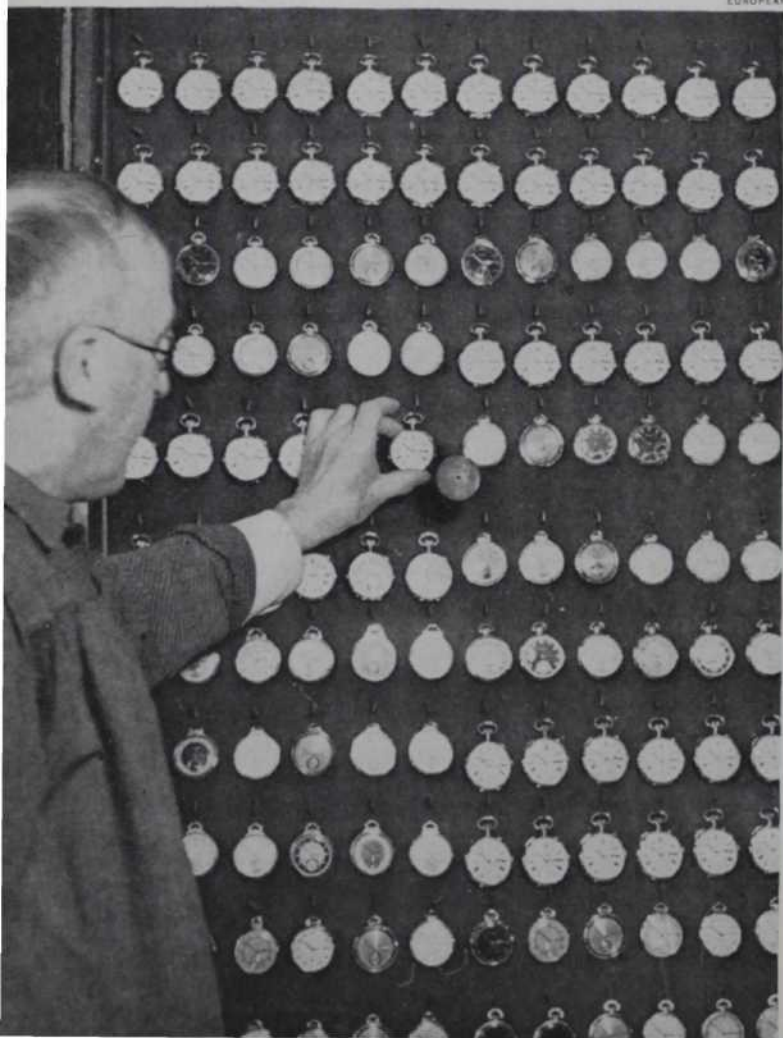


KEYSTONE

the payments will have to be made in terms of goods

... hides from South America, textiles from England,

EUROPEAN



watches from Switzerland, costume jewelry from France

EUROPEAN



Can We Learn To Be Customers?

By JOHN McJENNETT

OUR people are accepting, without too much grumbling, the necessity of sending billions in food and goods to other countries. The long-range objective is to build a solvent and productive Europe whose stability will be a force for peace.

Solvency obviously implies payment of debts. Part of our complacency in shipping our substance abroad comes from a vague hope that a productive Europe will repay at least part of its debts to us.

No one knows how great that debt will be. Estimates are that by 1952 Europe will owe us about \$15,000,000,000. These loans, though expressed in dollars, will be executed in ball bearings, machine tools, tractors, oil cake and a legion of other products which foreigners buy with the borrowed dollars.

When the time comes to repay, interest and payments will also be stated in dollars but, like the loans, will be executed through the sale to us of perfumes, whisky, tulip bulbs, olive oil, hides, cobalt ore and ocean cruises.

If we do not accept these products, the best we can hope for is partial payment in gold which we can bury at Ft. Knox. The worst is wholesale debt default.

Those who remember the debt defaults after World War I can anticipate the outcry that will go up if Europe reneges again. But the outcry over a new default may be as chamber music compared to the shrieks that will go up if Europe attempts to repay us the only way she possibly can—in goods.

The facts are that repayment will depend as much on us as on the debtors' capacity and inclination to pay. To collect, we will have to abandon trade habits and thinking that we have nursed for nearly two centuries. We will have to buy instead of sell.

The layman doesn't need to tangle with the com-



Certain industries ask protection against the competition of "cheap foreign labor"

plex matrix of international trade and our domestic economy to see why. All he has to do is to watch his home-town banker walk out of his way to buy aspirin tablets, cigars and newspapers from the corner druggist to whom he has lent \$1,000. The banker knows the druggist can pay interest and principal on his debt only by selling goods. This basic principle still holds at the international level. If Britain, France and the other nations of western Europe are to pay back a dime, they have to sell what they produce.

And the United States, as the biggest and best customer in the world, has to buy—in quantity.

If we want to see our foreign investment pay dividends in peace and stability, as well as in material return, early in the 1950's, we've got to arrange an "adverse balance" of payments roughly estimated at \$700,000,000. Then, for some years there-

after we must import more than we export. This is what the fuss will be about.

Somebody in this country is either going to be hurt or think he is. Let Norwegian sardines, British textiles, Limoges pottery, dishes from Milan, fine lace from Lyons, Swiss watches, Swedish glassware, leather from South America, or grain from anywhere come sailing into American ports, and the view-halloa is raised.

Hearings before the House Ways and Means Committee preceding the recent International Trade Organization meeting in Geneva provided a preview of the uproar which can be expected. Those hearings gave the line-up with the name and numbers of all the players—and most of the arguments.

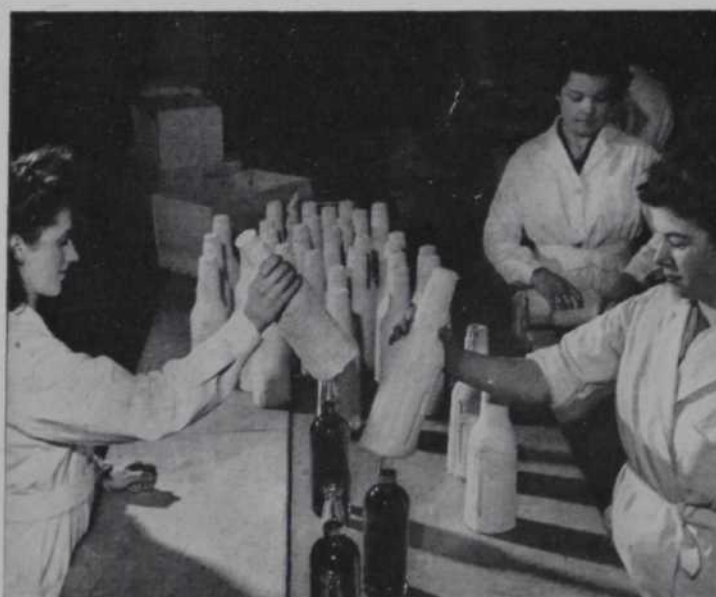
Beet and cane sugar growers, manufacturers of glass containers, the ceramics industry, cotton textile groups, lace manufacturers, tool and fine steel industry, jeweled watch manufacturers—all



France will export some new items but her trade balance will come from perfume, cognac, gowns



If we want our foreign investment to pay dividends, we'll have to buy more china than ever from England



Some American vintners want foreign wines to come in duty free, others feel the duties should be trebled

offered argument against tariff concessions and increased imports. So did the Mushroom Growers Cooperative Association, the Bicycle Institute, the United States Tree Nut Industry, a processor of maraschino and glacé cherries, and an assortment of fish canners.

Most of them submitted carefully worked out presentations backed up by statistics, charts and graphs to show that disaster to the industry and hardship for those depending on it for a livelihood would follow hard on the heels of a duty reduction.

By far the most popular reason for high individual duties was the old stand-by of high American wages versus "cheap foreign labor." However, no protectionist witness made any comparison of the productivity of well-paid and cheap labor. The importance of this factor can be gauged from a comment made by Secretary of Commerce Harriman in a recent speech before the Pacific Northwest Trade Association. He reported that fewer than 500,000 American miners produced 50 per cent more coal last year than 2,000,000 European miners.

Briefs that did not refer to war service were few, and most suggested that the protected industry was strategically essential to the country.

Several of the statements submitted at the hearings opened with a verbal salute to the reciprocal lowering of tariff barriers and a freer flow of international trade, and then reverted to the all-pervasive underlying theme—"somebody else, not me!"

All the fire, however, was not in support of higher duties.

Export-import associations and port authorities were strong for concessions and reciprocity. So were several automobile manufacturers, a big drug company, a large steamship line, a banking house, the Maritime Committee of CIO, and the Motion Picture Association. Several consumer organizations injected a new note by bringing up the point that high tariffs mean high retail prices.

Edward O'Neal, recently retired as president of the American Farm Bureau Federation, testified that his membership was happy over the progress made under the Trade Agreements. He then proposed a revision of the ITO charter to permit "export subsidies on basic agricultural products if necessary to prevent domestic price demoralization." In other words, the Farm Bureau, whose constituents are big exporters, realizes that high American tariffs affect their foreign markets. So instead of a tariff they would like the same cash advantage through direct subsidy.

Conversely some of the protectionist witnesses were bitter about the "unfair" competition presented by foreign products which allegedly enjoyed an export subsidy from the parent government.

There were also some witnesses who favored higher protection on some things but none at all on others. The New England Leather and Shoe Association bid to have calf and kip skins put on the free list but opposed reduction of duties on other leathers and footwear. The woolen textile people wanted lower tariffs on raw Australian wool but fought any concessions on foreign woolsens.

American vintners—who were shoulder to shoulder with the prohibitionists in opposing any reduction on imported spirits—found some division in their own membership as to what ought to be done. A National Wine Association representative, for instance, estimated that most of the growers would like to see duties trebled but that a minority of "far-

(Continued on page 85)



R. I. NESMITH

Sam Tour, second from left, New York research man, and his associates discuss some problems dealing with the deep drawing of light alloys

They Turn Problems into Money

By TOM W. DAVIS

INDEPENDENT research has influenced our living for the past decade. Here's what it has done, what it hopes to do

A SMALL MANUFACTURER of metal cabinets used to hand-rivet his product. The operation was slow, using time that could be put to greater production. The cabinets always had been put together that way. However, if spot welding could be used, increased output and better business were certain.

One day he called in a firm that served as consultants on engineering and metallurgical problems. He'd never used such a firm before, but something had to be done, and the problem had him licked.

Engineers came to his plant, looked over his facilities, studied his methods and, when they left, took with them a number of finished cabinets. Back at their own laboratory, where research equip-

ment was available, the engineers set to work to discover if spot welding could be used.

As a part of the research, several cabinets were crushed flat, others literally torn to pieces. Then the engineers looked to see where weaknesses had occurred, why some places had torn away quicker than others. Soon they were able to tell the manufacturer that there were several places on the cabinets where spot welding would serve as well as the original hand-planted rivets, but that rivets still were the only solution at other points.

With this information, the manufacturer switched with assurance to cabinets that combined both rivets and spot welding. His output increased. Had he been obliged to buy machines necessary

to make the checks himself, it would have meant heavy additional expense.

The research laboratory which had the machines and the technical know-how to do the work was one of 275 independent research and development concerns with laboratory facilities operating throughout the United States. Many of them have been operating for a long time. There is one in virtually every important city, and each is engaged every day in such work for industry, both large and small. Their staffs range from half a dozen persons to several hundred, including chemists, physicists, engineers, metallurgists, technicians and office workers.

They are prepared for research in metallurgy, chemistry, biochemistry, foods, chemical and mechanical engineering, or to serve as consultants to firms engaged in practically every type of industrial activity. Their mechanical and scientific instrument facilities likewise are enormous. Al-

though these concerns are set up to do almost any line of research helpful to business, engineers say that too few of the nation's smaller business men are taking advantage of their years of experience.

The story of the independent research concerns is replete with accomplishments and not a few heartaches. Back in the 1890's the research man acted as an individual and had none of the organization that characterizes today's modern layout. His work went along in that fashion until shortly before the first world war when most of his time was given over to producing cheap substitutes for then standard products. In the '20's came a period when by-product recovery was the thing. Modern research, as such, didn't get its big shot in the arm until around 1934.

This upsurge came about chiefly through the efforts of some of the country's top physicists and research executives to obtain recog-

ment. It is expected that this sum will be doubled in the next ten years.

The fact that research can do a lot to recover lost ground for a firm, particularly the smaller fellow, has been proven too often to be ignored. Not long ago an eastern manufacturer of small pliers found himself on the receiving end of a lot of complaints as well as returned tools. His pliers were breaking under rough treatment. Plant tests made before the tools had been put on the market had failed to reveal the flaw.

The case was turned over to a research firm. Examination of manufacturing methods traced the trouble to the heat-treating of the steel that went into the tools. It was found that by rearranging certain heat-treating processes and redesigning a few jigs, the flaw could be eliminated. In a few days the tool was back in production.

In another instance in connec-

tion, Dr. Johan Bjorksten, head of the Bjorksten Research Laboratories of Chicago, deprecates this situation, saying:

"Small business as a whole is not alert to the advantages of research. In our professional experience, we have had the pleasure and privilege of working with a few exceptional small organizations which have shown real appreciation of sound research procedure. However, it is our conjecture that these firms will not remain small very long."

While it is generally agreed that the larger business man is more likely to rely on research than the smaller operator, there is the case of a manufacturer of white gold jewelry who found his fancy products being returned because the metal ornaments were not standing up. A call went out for research assistance.

A number of his jewelry pieces were checked and before long a flaw was discovered in the alloy used. The research people prepared and cast a new type that stood up under desired conditions. The information on the new alloy was given to the manufacturer and his product soon was back on store counters.

Not all results come as fast as this and commercial laboratory people prefer not to have time become the major factor in ordinary research programs.

Research work is being done constantly by four distinct groups in this country. The first includes the universities and other non-profit organizations such as the Armour Research Foundation in Chicago and the Southwest Research Institute at San Antonio, Texas. Perhaps the clearest explanation of the field in which this group works is to say that they are set up to render a research and experimental engineering service to the public as well as to industry. Usually their operations are supported by

appropriations from industrial concerns, government agencies, private individuals or by other groups for whom they may do a service.

The second group includes the research laboratories of large corporations such as the General Electric Company. The third group is made up of the independent research and testing laboratories (the people we are mainly concerned with in this account) and

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Researchers at the Bjorksten laboratories in Chicago examine plastic tile treated with a new product designed to resist cleaning solvents

inition and to gain wider acceptance of applied science among business men. There are some, too, who say that the depression did a lot to cause industrial plants to go in heavier for research in the hope of regaining some lost ground.

The recent war gave a natural impetus to research work, with some commercial laboratory owners claiming as much as 100 per cent gross business gain since 1939-40. Industry last year spent \$450,000,000 for research and develop-

tion with the deep drawing of light alloys the combined experience of the head of the laboratory, its technical director and the head of its metallurgical, chemical and mechanical engineering departments was used to solve a problem. No one small manufacturer could employ such men full time.

Although the small manufacturer mentioned earlier was quick to call on a research organization, others are said to be much slower to act. One of America's ranking



Our New Friends, the Japanese

By BONNER FELLERS

Japan's new constitution
grants freedom of speech

JAPAN'S war record is so black that reasonable people understandably wonder:

Are the Japanese worth saving? When occupational forces withdraw, will Japan return to militarism? Can the Japanese nation again be trusted? Can we do business with Japan?

While in Tokyo as military secretary to General MacArthur, I struggled to find answers to these questions.

I reached these findings:

The new Japan, provided we don't blunder, will eventually emerge as a Christian democracy, and a staunch friend of the United States. The new Japan will help bridge the gap between the East and West. A democratic Japan will aid the billion Asiatics who seek freedom, will stalemate Russia and help lift some of the burden from the American taxpayers.

The unspeakable cruelty which

the Japanese military forces inflicted on prisoners of war and on civilians in occupied areas has marked Japan, but an examination of some of the probable causes of this cruelty is revealing.

In the first place, human life in the greater part of the Orient is the most plentiful and cheapest known commodity. It is cheaper than horses or wagons or machines or food. Human impoverishment breeds human cruelty.

The Japanese have no God. Their indigenous faith, the Shinto cult, teaches neither compassion nor brotherly love. It does not hold individuals personally responsible for their morality. So long as a man is loyal to his chief, he can commit any act of injustice or cruelty on his fellow man without the slightest moral responsibility.

Japanese education is superficial, the written language is cumbersome. Most of the elementary

PAUL HOFFMASTER



education must be devoted to memorizing characters. Thus, that essential part of early education which teaches reasoning processes has been neglected. The militarists took advantage of this. As part of the universal military training, the militarists taught their own moral code. They called it moral training and its basis was cruelty.

If a soldier had as much as two weeks' service in the army, it entitled him—in fact it was his duty—to "beat up" any newcomer. Violators of rules were officially given corporal punishment. A saying came from soldiers of one particular regiment—the 47th—"When you join the 47th, the contour of your face changes."

Soldiers hated this brutality but they were forbidden to discuss it. Their parents resented it, but there was no recourse since the militarists ruled Japan by force.

Lectures by army officers in all schools and to troops rounded out the picture. Japanese were a superior race; blind loyalty to one's chief was a virtue; the Emperor was divine and to die for him was a rare privilege. All foreigners were crooks. The white man, cruel,

merciless, determined to dominate the Orient, was the eternal enemy of the Japanese people. Racial prejudice was taught deliberately. Japanese youth was taught to hate, and Japanese youth had not the mentality to reason himself out of this false indoctrination.

Cruelty is inbred

WITH this background it requires no great imagination to understand how, if the Japanese were physically cruel to themselves, in extreme adversity, they would commit atrocities on an enemy whom they had been taught to hate.

Lack of moral responsibility led the militarists deliberately to deceive the people. They lied about the progress of the War. Reports from the front presented a false picture to the High Command in Tokyo. Japanese soldiers captured off New Guinea believed they were on islands off the California coast. Filipino guerrillas reported that the Japanese kept order-of-battle maps showing their flag planted in California.

The militarists indoctrinated the home population, first with tales of great victory. Then, after Tokyo was bombed, they claimed the Americans intended—when they invaded—to destroy all Japanese males and to enslave all women. Girls were instructed to wear a potion of poison about their necks and to commit suicide rather than

submit to American atrocities. The Emperor himself, the militarists preached, would be numbered among the invasion casualties.

When the first Americans arrived at the end of August, 1945, streets in the Yokohama-Tokyo area were deserted. The first Japanese girl I saw held her parasol so that I could not see her face.

But the moral tone of the occupation must have amazed those who had believed the militarists. It was a firm but dignified occupation. There was no cruelty nor was there horseplay. The dreaded GI, though tough, turned out to be a man with a sense of humor and a friend of the weak.

In a crowded Tokyo street car two GI's moved a Japanese man from his seat to permit a pregnant woman to sit.

The posting of GI guards at Japan's sacred shrines to prevent their being desecrated made a profoundly favorable impression. News of such incidents, small in themselves, spread rapidly. Gradually, the population welcomed the foreign army. The mayor of Kobe, a devout Christian, called on General MacArthur and, with tears in his eyes, thanked him for the decency of the occupation.

During the past two years Japan has emerged from feudalism. She has adopted a new constitution in which sovereignty rests in the people. War as a sovereign right is renounced. Women have been given equal rights with men. Freedom of

The Japanese people are frugal, willing to work



speech, of assembly, and of religion are accomplished facts.

Possibly more than 200,000 civil officials who were tainted with militarism, or whose past assignments were in ultranationalistic categories, have been purged by their own Government and replaced by carefully screened personnel. The Emperor has been stripped of power but remains the symbol of the Japanese. The cost of the occupation has been borne largely by Japan. There have been no unfortunate "incidents." In spirit and to the letter the Japanese Government has carried out instructions of the Supreme Commander, Allied Powers.

Today one can see signs of change. School children are happier and young people enjoy more freedom than ever before. Everyone comments on the much kindlier attitude of policemen. This is not a superficial change. Rather it is a basic shift in values. The liberal trend is likely to be permanent.

The Japanese are a proud, sensitive race. Under military domination they were plunged into a futile war. They saw their country destroyed by air strikes. The torture which the militarists claimed would come with the occupation failed to materialize. These events stunned 80,000,000 Japanese into the realization that the militarists had duped them. What was even worse, the militarists had lied to their Emperor and humiliated him.

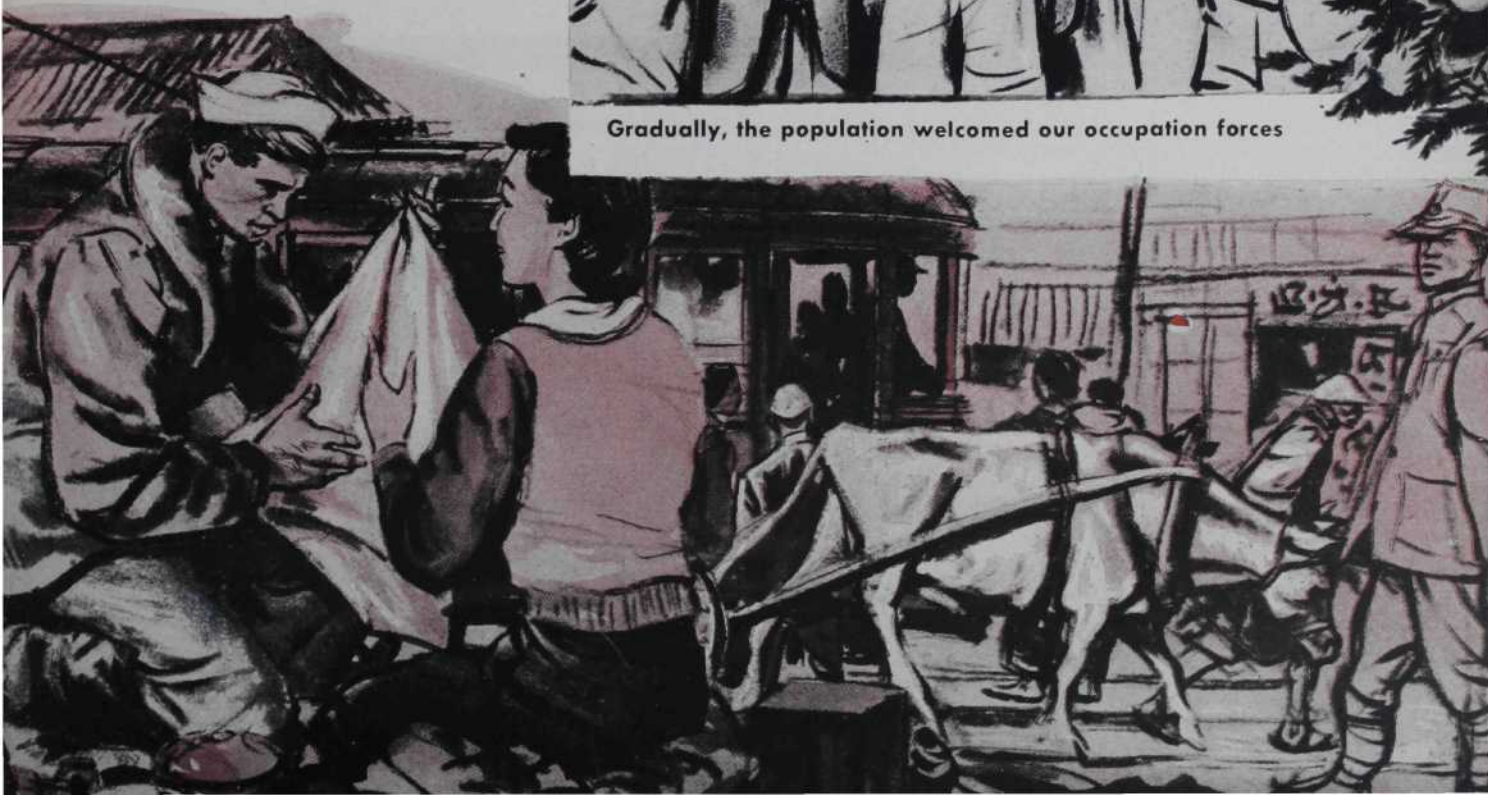
Today, Japan's militarists are
(Continued on page 68)



The Nipponese bear no love for the Russians



Gradually, the population welcomed our occupation forces



Enter: The

AGENCIES are being set up to provide a new service that will allow you to drive your car into the shop and have it reupholstered with an air gun while you wait.

A new push-button machine, now going into the factories, will make it possible to mass-produce an ornamental fruit bowl—among other items of houseware—that can sell for something like 29 cents where a similar item might cost \$30 today.

A new combination home-freeze unit and refrigerator will soon be seen everywhere. With units like this, the average housewife will be able to cook and freeze meals for her family months in advance.

Appliances to cook by electronics are already being used by catering establishments, and models have already been made up for electronic ranges to go on the home market. With one of these, the busy career woman could come home just in time for dinner and prepare a whole meal in a cooking time of something like 60 seconds.

Such are a few of the many new achievements of a humming postwar industry.

Industry, with a yearly productive capacity of approximately \$160,000,000,000 worth of goods—almost double its last high in 1929—is catching up on a four-year backlog of civilian orders. High labor and material costs are being licked with machines so fast and highly automatic that they make our prewar tools look like spinning wheels. New proc-

A new industrial revolution has already hit such fields as textiles, printing and machine tools



Real Machine Age

By PHILIP GUSTAFSON

esses are being geared to new materials to turn out surprising new products. And when today's distorted world demand has been satisfied, with a swing back to real values, industrial engineers predict a new era in mass production which will bring low-priced products in variety and abundance that we have only dared imagine.

A new industrial revolution has already hit the field of textiles—always among the first to feel the impact of new machines and materials. Fibers made of plastics and other modern synthetics are producing yarns with a beauty and utility never believed possible in cloth. New processing of familiar fibers has already given us living-room chairs that can be cleaned with a wash cloth, draperies that won't catch fire and rugs that are fabricated in the twinkling of an eye by an electrical process. It is a variation of this method that is about to produce the "upholstery-while-you-wait" by spraying new fiber on the old seat surface of your car.

One company has brought out a line of shrink-resistant woollens said to be creating a whole new line of women's garments. Another has a treatment to keep dresses from wrinkling that promises to save millions in laundry bills and give women a new look of crispness in summer.

A radical change in the weaving process itself seems likely to come about with a new loom being adapted from a Swiss model by Warner and Swasey,

which eliminates the conventional shuttle and promises wide economies.

Such savings and improvements applied all along the line to the making of new fibers will mean startling new "yard goods" at prices everyone can pay, textile experts declare. Women will be able to dance at each new party with a new evening gown of shimmering metallic cloth that will take no offense from spilled cocktails or dropped cigarettes.

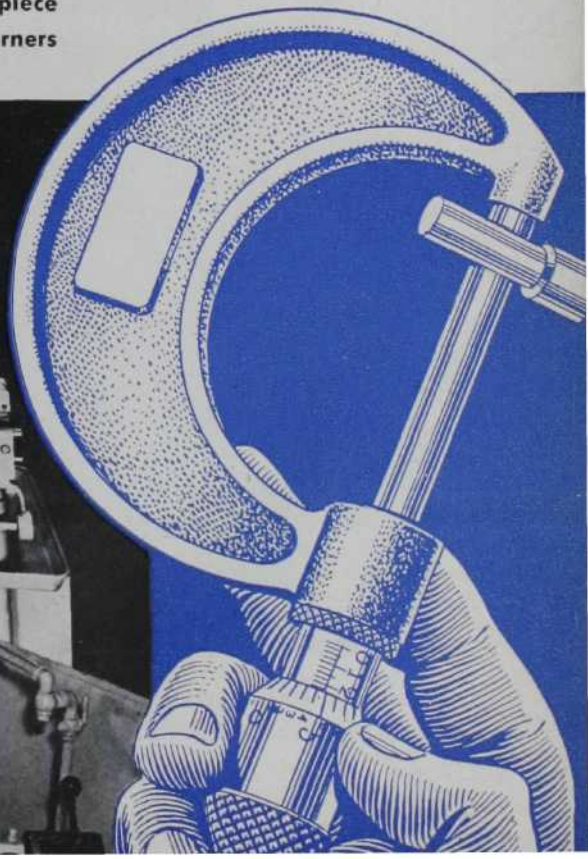
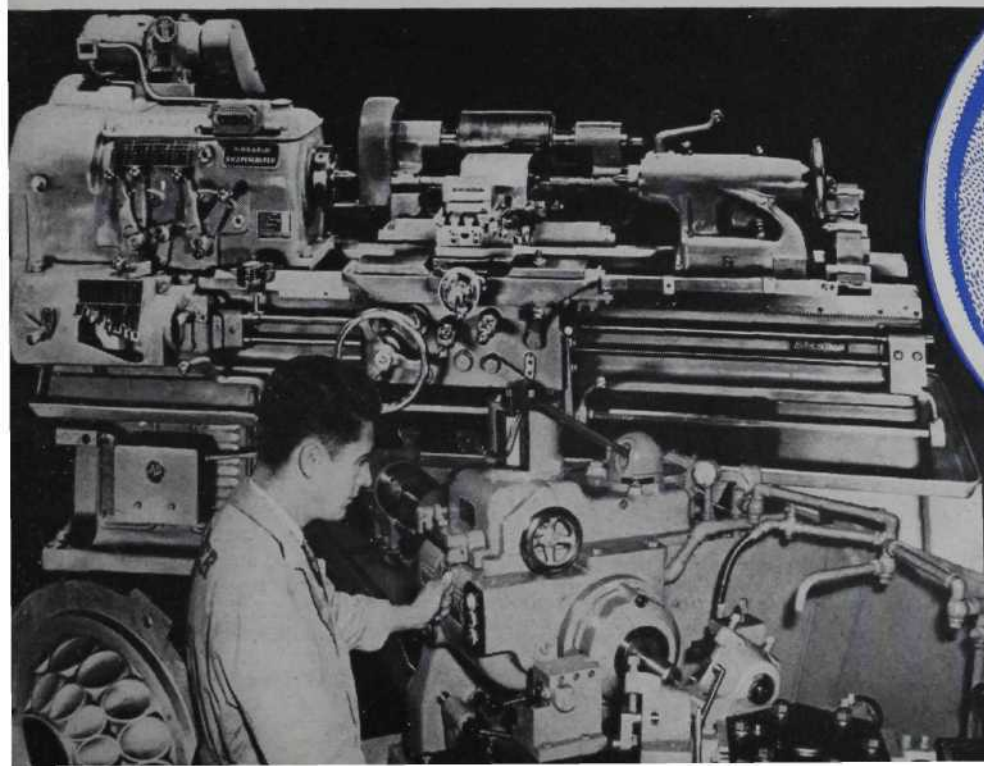
New chemicals will make sweeping changes in our way of doing things at home, industrial engineers predict. Says Carl Otto, partner in the design firm of Raymond Loewy Associates:

"An entirely new type of plumbing system—light in weight, easy to build and unbelievably low in cost—will soon be possible in our homes when we can apply the new liquid heat."

Liquid heat, now being put to work in industry itself, is known to chemists as tetra-aryl-silicate and has a boiling point of 870 degrees. So it does not evaporate and produce what we know as steam pressure. Hence lighter plumbing and new construction savings.

Of the new gadgets and processes, electronics are the most spectacular. They have given us a fabulous set of tools for doing jobs that vary from the gigantic to the microscopic. Electronic tubes—some as big as your thumb, some the size of a man—convert power, heat metals and dispel darkness. One regu-

Production engineers marvel at this postwar lathe. It can turn a piece of material into almost any shape, even a pyramid with square corners



lates a 70 ton punch press to cut metals on exact alignments. Another delicately fills tooth-paste tubes 120 a minute and steps up production 150 per cent.

Electric eyes count up to 50,000 units a minute. They open doors, close switches and sound alarms. They peer into furnaces and crucibles to control the heat of molten metal by analyzing the light emitted. One type of photoelectric machine has been put to work in a Michigan plant to sort 80,000 pounds of white beans a day, flipping out the dark ones with a metal finger.

"We are beginning to feel that we encountered our old tools in the darkness," says designer Walter Dorwin Teague, "and learned to use them by the sense of touch. Now the prospects opening up before us make all our past performances look like the gropings of the blind."

More accurate color printing

PRINTING presses that turn out millions of magazines a week have had production doubled by photoelectric cells that keep colors in focus. As three and sometimes four colors are applied in successive runs, a photoelectric eye "looks at" the previous impression and places the next one precisely atop it. Out-

put of single-color presses has been stepped up 50 per cent by phototubes that keep the racing rolls of paper exactly in line while other eyes make sure the pages are cut out accurately. It is just such technological refinements that fill American newsstands with the best magazines in the world.

High-frequency radio waves, akin to radar, which vibrate back and forth millions of times a second, fuse plywood more than a foot thick and twice as strong for its weight as aluminum. They dry paints, cure tobacco, dehydrate foods. Curing of sponge rubber for mattresses and cushions has been speeded up six times by this dielectric heating process, one of a string of economies that spell "floating comfort" in tomorrow's armchairs and sofas. One plastics manufacturer is using dielectric curing to cut costs in half and increase output a fifth. This kind of production shortcut is putting more and more plastic housewares on the counters of everything from the dime store to the "gift shoppe," with more to come. Says one designer:

"The majority of our dishes, forks and spoons will soon be molded of unbreakable synthetics—cheap and colorful in design. After use, they will be mechanically cleaned, sterilized and dried, not to be touched until they are needed again."

Modern industry is through making things in batches. The new trend is toward the continuous process, to save labor between jobs. And faster tempos everywhere. With powerful motors and highly integrated controls, steel mills can hook their rolling machines into longer and longer tandems moving at greater and greater speeds. Weirton Steel spins out thin sheets of light-gauge plate over five continuous rollers at a rate that actually reaches a mile a minute. This breakneck pace turns out enough sheet for 750,000 vegetable cans an hour—enough to hold 480,000 quarts of tomatoes.

The mile-a-minute mill runs at twice the prewar rate and, since crews have been held stable, unit labor costs have been cut tremendously. Such savings can be passed along to consumers in low-cost containers that cut down spoilage and widen the distribution of new products. Now stainless steel is being rolled out to the thousandth of an inch, making its use economical in new products. This will mean low-priced stainless-steel-faced sinks, says one designer, as well as table tops and a variety of new cooking appliances.

Spectacular new brain children of the laboratory, in electronics, synthetics and metallurgy, are working wonders everywhere. But the real force back of the technological revolution is a postwar crop of power-driven tools—grinders, lathes, drills, hones and a hundred cutting devices. Though their inventors would never know them now, these are the same basic machine tools that have been used for

(Continued on page 73)



Thanks to electronics, vending machines now serve hot dogs, hamburgers and cheese sandwiches, and automatic dispensers pour soap on your hands



The Milwaukee Teen Ager wins rating of best paper put out by a Junior Achievement group during judging in New York City

Industry's Leaders of Tomorrow

By MEYER BERGER



Earl O. Shreve, U.S. Chamber of Commerce president, and JA backer, lunches with Edith Sands, a corporation member

FATE has pressed the hope for survival of free enterprise into the hands of teen-agers over whom bewildered gaffers waggle their frosted heads. The kids have enthusiastically taken up the challenge.

Through Junior Achievement, Inc., a national educational body supported by large and small industry, boys and girls between 15 and 21 years of age are learning the traditional American way of business. Some 70,000 of them currently run more than 1,000 miniature corporations in 80 cities in the United States.

Junior Achievement—characteristically shortened to JA by the teen-agers—is trying to raise this number to 30,000 corporations with more than 2,000,000 members by 1950. It was no part of the original scheme to spread the idea globally, but JA units have sprung up in France, Belgium and even in Rhodesia, South Africa.

Junior Achievement, though, has not had altogether smooth going. It has been accused of sinister motive—of fascism, of furthering and fostering

reaction, of teaching labor-grinding. Most of this talk is pinkish hanky-panky, part of it sheer misunderstanding.

Actually the movement has liberal support. Mrs. Eleanor Roosevelt, an acknowledged liberal, for example, drew 20 cents in dividends on her four shares (\$2 worth) of stock in a pocket-size JA corporation in North Plainfield, N. J., while she was First Lady.

JA corporations have drawn no racial distinctions, have not been rocked by minority issues. In one publishing corporation run by 15 Jersey City boys and girls, the only Negro in the group was elected president. Another Negro lad won one of the numerous college scholarships put up annually by JA backers. Even sex distinction is no problem. A JA corporation in St. Louis voted its only girl member as president on the basis of qualification and efficiency.

George O. Tamblyn, Jr., paid executive director of the national organization, has learned that the kids, left to their own devices, have no minority consciousness, no racial prejudice. The parent body has heard of no instance of segregation or of discrimination. Mr. Tamblyn concedes that some people have objected to mixing white and Negro children in JA enterprises, but in every case the objection was raised by adults. "We ignored them," he said.

The labor-grinding charge stems

from ignorance of the organization's principles. To get some knowledge of every aspect of running a business or industry, each Achiever undertakes, at one stage, the role of office worker or laborer—works on books, or at a lathe, press or some other mechanical device. He is paid what the traffic will reasonably bear. He becomes conscious though, that, if he demanded twice as much, the whole structure would collapse.

JA started in 1919

THE JA idea stems from America's grass roots. It originated with Horace A. Moses, who was born on a farm in Ticonderoga, N. Y., and who worked his way up in the Horatio Alger tradition to the leadership of one of the greatest paper manufacturing concerns in the world—the Strathmore Paper Company.

From his own experience, Mr. Moses figured out that every year high schools poured hundreds of thousands of teen-agers into a business world for which they were unequipped. He talked his plan over with the late Theodore N. Vail, head of the International Telephone and Telegraph Company, and with the late Sen. Murray Crane. Between them they worked out the JA idea.

The movement started in 1919, on pretty much the same lines it now follows. The age limits were

different—16 to 22—and the little corporate groups were clubs, not formal business institutions as they now are.

Horace Moses' first groups spread throughout New England and down the Atlantic Coast, but the movement collapsed in the depression of 1929. It was revived in 1939 when someone discovered that while approximately 48 per cent of the nation's high school graduates were jobless, only two per cent of the Achiever's members were unemployed. An article about JA by Stanley High in *The Reader's Digest* brought more than 14,000 inquiries. The idea took hold again, more firmly.

The current national organization actually dates from 1941. The war gave the movement impetus. In 1942 there were 200 JA corporations throughout the East. The number tripled by 1946; it passed the 1,000 mark in 1947.

The organization has 80 paid workers in its national headquarters at 345 Madison Avenue in New York City. Funds for the work come from 750 industrialists who pay anywhere from \$25 to \$8,000 a year to sustain and expand the program.

The depths of industry's faith in JA may be gauged by the names and titles of some of the directors of the National Advisory Council. Charles R. Hook, president of the American Rolling Mill Company, is chairman of JA's board; S. Bayard

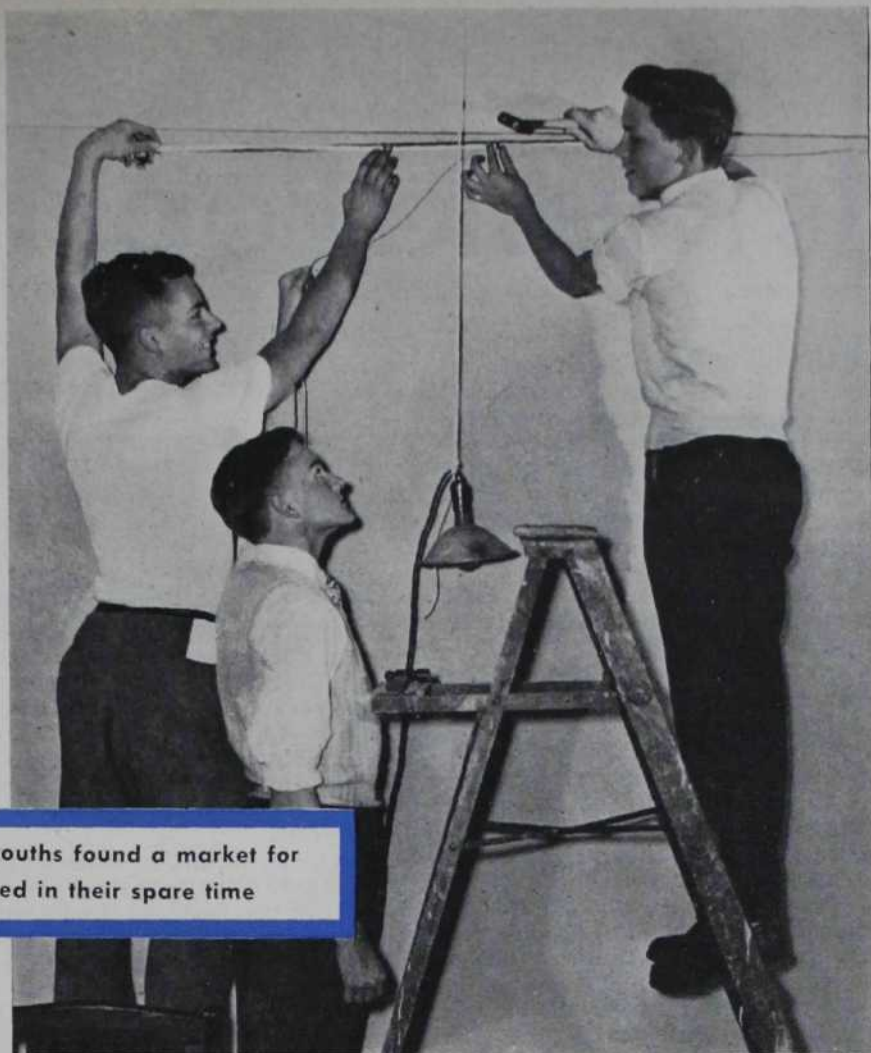


One New York JA group went into the business of making listener surveys to find the reaction to radio mystery shows

Colgate of Colgate-Palmolive-Peet Co., is head of the executive committee; Robert L. Lund, Lambert Pharmacal Company executive, is president of JA; and Roy W. Moore, president of Canada Dry Ginger Ale, is treasurer.

Earl O. Shreve of General Electric, and president of the United States Chamber of Commerce, is a backer of JA. So, among hundreds of other leading American business men, are James Farley (Coca-Cola), Edward A. Cudahy Jr., Bing Crosby, E. Roland Harriman, Howard Pew, Walter F. Rockwell, Emil Schram, Frank J. Sensenbrenner and Owen D. Young.

Mr. Colgate says of the Achievers: "America's future is in their hands. They are stepping out in a world of -isms and -ologies, into a confusing welter of new ideas and systems which have to be evaluated. They will form political and social concepts, and they will evaluate our business system. What understanding have they of democracy



GEORGE VAN

These Glen Ridge, New Jersey, youths found a market for fire alarm equipment manufactured in their spare time

and of free enterprise to guide them?"

In Horace Moses' childhood, back in the 1860's, a few hundred thousand teen-agers stumbled in wide-eyed ignorance into the business world each year. Today more than 2,000,000 go into business annually.

Mr. Tamblin is careful to explain that the prime purpose of Junior Achievement is business education. No miniature corporation is allowed to run more than a year. The sponsors find this sufficient time for a youngster to get a good working notion of how business operates. Although Achievers try to net a profit, profit is not over-emphasized.

Groups are sponsored

JA CORPORATIONS organize just as million-dollar outfits do. A group of youngsters in, say, Dubuque, Iowa, get the JA bug. One of the regional directors—they're virtually everywhere in the U.S.—outlines the general idea and gives the kids an application blank.

They pick a line of business which will give each of them a chance to be a part of the corporation. No lame ducks are allowed. The director then puts them in touch with an adult corporation engaged in the same kind of business. This firm acts as sponsor.

The prospective Junior firm may be made up of ten kids, 20, or more. They may be all boys, all girls, or a mixed group.

The sponsoring corporation sends an accountant, production man, sales manager, all trained JA advisers, to help the kids get started. These men explain what materials will be needed, what labor costs should be, how to work up markets. Advisers never actually participate in running the Junior corporation because that would defeat the idea of the movement.

The kids sell their stock. The stock certificates come with a working kit made up by the national organization. Each kid in the corporation must own at least one share but no stockholder, inside or outside the firm, may hold more than five shares. No share may be sold for more than 50 cents and top limit in JA capitalization is \$200. Usually it's nearer \$100 or \$150.

Selling stock, the kids sell themselves, tell what they intend to manufacture or service, what they think the stock should yield. They must rent their work and office space, even if it is dad's or mother's garage, spare room or home cellar. The rules forbid cutting corners on

this, since space rental is any legitimate corporation's problem.

The whole JA plan must be carried out in the kids' spare time. No kid can play hooky, for example, when a rush order comes in. His school work comes first. Most JA corporations manage to get a major part of the work done on week ends.

Once the setup is arranged, the kids are on their own. They may listen to talks from adult sponsors and advisers, or call in adult consultants if they get into a problem they do not quite understand, but they can't just rear up and scream for adult aid. If bankruptcy is inevitable, as it sometimes is, it's the kids' own problem.

Most kids seem to love a tight spot, anyway. Several groups have deliberately liquidated because the going got too easy. They usually pick a new kind of business, reorganize, and start all over again, just for the delight of engaging in a new venture. The national organization encourages this sort of enterprise.

Each JA corporation keeps a general record, stockholders' record, inventory record, business

(Continued on page 82)

Is Russia Fooling Only

WHILE DOUBT has been expressed in the United States that the Marshall plan can be made effective, it is obvious that Soviet Russia not only regards the plan as one likely to succeed, but sees it as a serious obstacle to her ambitious policy for communist domination of Europe.

In the October 21 issue of *Pravda*, Gen. Andrei Zdanov, a powerful member of the Politbureau frequently mentioned as the most probable successor to Stalin, declared that "the Soviet Union will put all effort in seeing that the Marshall plan is not realized."

As a first step in this direction, the Soviet has forbidden her satellite nations to cooperate for the recovery of Europe.

Cynically, the Soviet announces that its opposition to participation in the plan is based on the desire to protect the sovereignty of the eight satellite countries and to defend their economies from "becoming dependent on the interests of the United States of America."

So long as Russia is able to enforce this ruling, then the 100,000,000 people in these countries can have no part in the eventual reconstruction of western Europe. Their production and trade must, perforce, be for the benefit of Russia.

Many people fear this division of Europe may be the rock on which the Marshall plan will founder. They have read that the farmlands of eastern Europe are the "breadbasket" for the industrial West.

A FORMER Yugoslav ambassador to Washington shows why the Soviet cannot stop the Marshall plan

pler if all the countries were allowed to cooperate and to pool their resources, but the view that a divided Europe is beyond aid reveals a short knowledge of history and no very careful reading of statistics.

The fact is that, economically, Russia's control of eastern Europe will have little effect on recovery of the West.

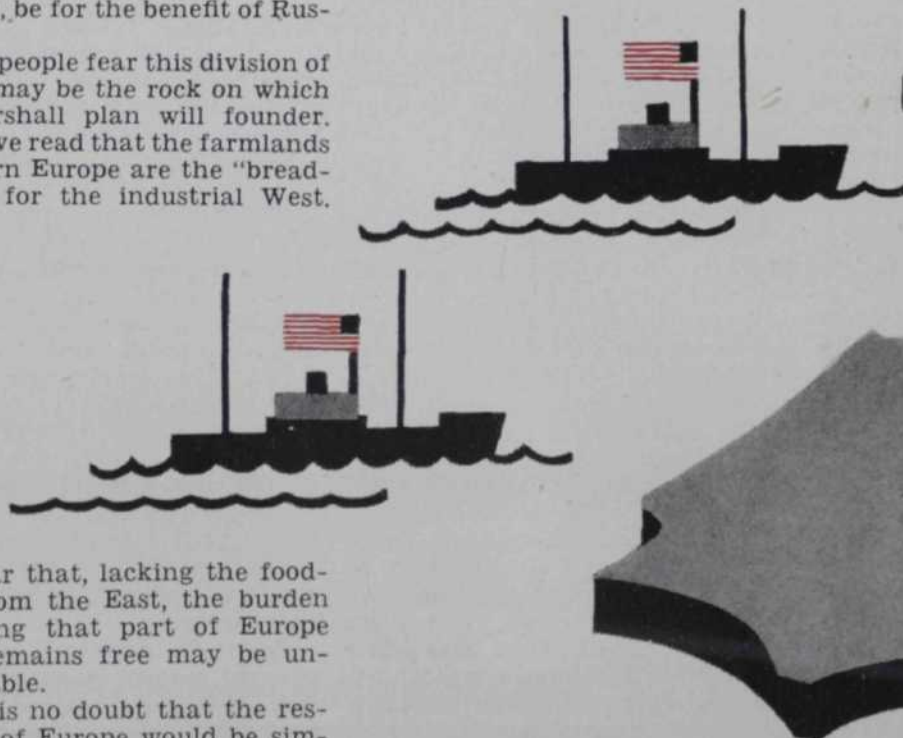
A common failing in measuring present difficulties is to forget that this is not the first—as it will not be the last—time that Europe has been divided. Boundary lines and trade routes on that troubled continent were changed by Charlemagne, and Napoleon. They were changed by World War I and again by World War II.

Nor is this the first time that eastern Europe has been behind an iron curtain.

The people of my own country—Yugoslavia—in their long and diffi-

cult history, maintained their national spirit and love of freedom under a cruel domination that lasted almost five centuries. The Serbian part of Yugoslavia continued tilling its soil, unsubdued for generations before it was finally able to throw off the Ottoman yoke. Once freed, the people rebuilt their country. After World War I, in which Serbia paid dearly in life and property, they built again, more prosperous than ever. Sacrificed temporarily to the Soviet, the people of Yugoslavia will remain true to their tradition, confident that history will repeat.

Meanwhile, Yugoslavia—as well as the countries from the Baltic in



They fear that, lacking the food-stuffs from the East, the burden of feeding that part of Europe which remains free may be unmanageable.

There is no doubt that the restoration of Europe would be sim-

Herself?

By CONSTANTIN FOTITCH

the north to the Adriatic in the south—are forced into unnatural economic relations with Russia. And, despite all Soviet boasts, Russia is a breadbasket nation. Its industrial production is, and for years will continue to be, insufficient for her own needs. What she does export will be for political display and expediency. For her to attempt to integrate eastern Europe into her economy is to do what Americans call "making a living by taking in each other's washing."

Before World War II these countries' exports and imports to and from Russia were almost nil. In many cases they were so small that they are not even mentioned in many compilations of trade statistics. In the best case—Rumania—Russian trade represented one per cent of her volume. In the case of Poland, the figure was one-half per cent.

For markets and imports, these countries turn naturally to the West and that is precisely where,

according to many observers, their exports of food will be needed but are now unavailable.

However, thanks to Hjalmar Schacht, the German financier, the lack is more apparent than real.

In 1935, Herr Schacht started his drive to make eastern Europe dependent on Germany.

Already German goods were better suited in price and quality to eastern markets than the more expensive, more highly styled mer-

chandise of France and England. With this handy lever, Germany's increased political influence after the occupation of the Rhineland in 1936, and her willingness to buy almost anything, the Nazis were able to tie southeastern Europe closely into the German economic system.

For instance, Yugoslavia's exports to Germany rose from 32.95 per cent in 1935 to 41.6 per cent in 1938 (including in both years, Aus-



Russia's control of eastern Europe is not a bar to recovery in the West

HISHENGCHEN

tria). Hungary's exports to Germany and Austria, in 1938, were 45.3 per cent of her total; Bulgaria's, 58.9 per cent; Rumania's, 51.2.

The increase of German exports into these countries followed almost the same pattern.

As a result of the increased trade with Germany, the exports and imports of all these countries with the other western nations fell sharply. Even Italy which, before the Schacht drive, traded actively with southeastern Europe, saw her imports from Yugoslavia—mainly food products—fall from 16.68 per cent in 1935 to 6.8 per cent in 1938.

Viewed against these facts, the loss of eastern Europe to the Marshall plan becomes considerably less important. Sixteen of the countries which have signified their willingness to cooperate will feel it hardly at all.

Only in Germany and Austria will the loss of food from the East be seriously felt. Germany's total import of grain in 1938 was 3,911,000 metric tons. But all of that did not come from the East. Actually, the food producing nations of that area—Yugoslavia, Rumania, Hungary and Bulgaria—sent only 2,375,000 tons to Germany in that year.

There are no statistics as to how much of this grain was used in

western Germany and that part of Austria now occupied by the western allies, but it may be assumed that probably two-thirds were consumed in this section.

This means that the overseas countries will need to provide only some 1,600,000 tons of grain to compensate for the loss from the East.

Moreover, the extent to which the eastern countries could contribute to rehabilitation is somewhat speculative, even if they were allowed to take part. These countries suffered terrific war damage and it is doubtful if for years they will be able to export food products, except at the expense of their own underfed populations.

I recently talked to a girl who has just come out of that area. She told me that for eight months last summer no meat was available. When it can be had, the ration is 200 grams—about six ounces—a week. The ration of bread, made from a combination of maize, wheat and barley, is 200 grams a day.

Further evidence of shortage is provided by Tito's urgent request last spring for 30,000 tons of wheat from the United States to prevent famine in certain parts of his country. Explaining the need, he reported that he had, a few months earlier, sent 20,000 tons of wheat

to Rumania to relieve a desperate situation there.

Before the war, Yugoslavia and Rumania were two of the principal food exporters in the southwestern group of nations.

The peasant classes in all these countries could not, even by their most energetic efforts, bring production up to anything approaching the prewar level. And it is likely that passive resistance to the Red regime is limiting production even more.

So, it appears that Russia can exert only minor economic pressure against the Marshall plan by refusing to let her satellites take part. She may strengthen this economic pressure in some degree by efforts to induce countries outside her actual zone of domination to refrain from supporting the recovery program.

Political pressure by Russia

BUT it seems more likely that she will have to rely on political pressure if she hopes to accomplish her aims. This would take the form of political agitation stirred by the obedient communist parties—especially in France and Italy—to force the governments to reconsider their attitude toward the program.

In this effort, the services of the Cominform will be used to the fullest extent. Northern Italy, with its huge industrial population and close territorial contact with Yugoslavia, will be particularly convenient ground for such action.

However, the example of the nations behind the iron curtain will serve to remind the remaining free countries as to what their fate will be if the Soviet succeeds in extending its influence all over Europe.

Similarly, the example of the countries outside the Russian sphere will serve to keep aflame the discontent in people who have already shown that they love freedom sufficiently to wait 500 years if need be to attain it.

If the democratic countries achieve, with the help of the United States, their economic recovery, the chaos in which communism breeds will disappear. Every step along the way to reconstruction will be another obstacle to the Soviet, not only in the countries where she hopes to expand but in those which pay her unwilling homage now.

Trade routes, rutted by commerce of centuries, link eastern and western Europe. No artificial deviation has yet succeeded in breaking them down. Trade will move on them again.



The people who live in Yugoslavia have rebuilt their country before. They will do so again with confidence—when freed

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The Adams' laundry was hung in the now historic East Room

That Was Washington...

THE SIMPLICITY of Washington's social functions in recent years is in many respects reminiscent of the earliest days of White House history.

When Abigail Adams, wife of the second President, arrived in Washington in mid-November of 1800, she found the executive mansion "on a grand and superb scale," but not a single apartment finished.

It was hardly a place for entertaining. Yet, the thriving community of Georgetown had its established society, the ladies of which were impatient for an invitation to the Chief Executive's residence. And President and Mrs. Adams did hold a public reception in the "oval room upstairs," on New Year's Day, 1801. The historic East Room, where guests now assemble for formal functions, was then a great, unfinished audience chamber in which the Adams' household laundry was hung to dry.

The wilderness city of Washington was a terrific letdown after Philadelphia, the previous seat of government. The longing for this center of wealth, fashion and culture was strong, and for the first decade or so of capital history members of Congress made no attempt to bring their wives or families with them.

Two department buildings, a single row of brick houses and a few isolated dwellings formed a nucleus of habitation around the

President's house. A mile and a half away, across a swamp, lay Capitol Hill, which boasted of seven or eight boarding houses, a tailor's shop, a shoemaker's, a grocer's, a dry goods store, a printer's and an oyster house.

Members of Congress found accommodations in the nearby congressional "messes," two sharing a room except in the case of the Vice President, Thomas Jefferson, and the Speaker of the House, Theodore Sedgwick. By virtue of their high offices, they occupied slightly larger quarters. However, some southern members preferred Georgetown, to and from which there was daily stage service.

Washington's social history really begins with Thomas Jefferson, the first President to be inaugurated in the capital. It was he who abolished the weekly receptions his two predecessors had held and limited them to New Year's Day and July 4. Instead of large parties given at intervals, he dined a small company every day. The table was rarely set for more than 12, which did away with all form and allowed conversation of a "general and unreserved" nature.

Three-thirty or four p.m. was the dinner hour and guests often sat and talked into the early evening over a menu of amazing proportions. At one such meal, the rice soup was followed by a round of beef, then turkey, mutton, ham,

a loin of veal and cutlets of veal or mutton. Fried eggs added further variety and a "pie called macaroni," a new fangled Italian dish, proved not very agreeable to the guest who sought to describe it. "Many other jim cracks, a great variety of fruit, and plenty of wine" as well as ice cream came later.

The Washington diplomatic corps of 1801 was small, with only four countries being represented—Great Britain, France, Spain and Denmark.

On assuming office Thomas Jefferson issued new rules of protocol, doing away with all precedence. In social relations a perfect equality was to exist between members of the company—foreign or domestic, titled or untitled, in or out of office.

This principle of equality brought about the first of Washington's social "episodes." It happened in December, 1803, when President Jefferson escorted to dinner Dolly Madison, popular wife of the Secretary of State, instead of the wife of the recently arrived British minister, Anthony Merry.

Considerable diplomatic correspondence resulted, Merry making a report to his Government in London, and Madison sending an account to James Monroe, who was then American envoy in the British capital.

—MAUD M. HUTCHESON

Life Can

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THREE HUNDRED years ago the Rio Grande witnessed a great trek northward—Spanish explorers looking for El Dorado. Today the traffic is reversed; Americans in large numbers are entering Mexico, on the same mission. What are the inducements which have inspired this new gold rush?

This true story offers one answer: A vice president of a large American industrial firm, with an annual salary of \$20,000, last year accepted a position at \$30,000 as president of a firm in Mexico City. The chairman of his American board of directors was indignant: "Why didn't you tell me first? I would have seen that the company met that Mexican offer."

The ex-vice president replied, "You couldn't have met the offer. I would have to get nearly \$75,000 in the United States to have the same take-home pay. As an American living abroad on earned income, I pay no American taxes and my Mexican taxes total only \$1,500."

In Mexico, a \$5,000 a year man pays approximate-

ly \$100 a year, a \$10,000 a year man pays about \$350, and so on, with top brackets taxed a maximum of 19 per cent.

But lower taxes are not the only attraction. Mexicans are willing to pay big salaries to American technicians and to cut the latter in on profits. For instance, a brewmaster in a large city in the Middle West enjoyed the salary of \$7,500 a year two years ago as a reward for his consecrated duties. After the owners of a Mexican brewery visited him and the haggling came to a close, the American went southward to a job paying him \$25,000 a year plus a share in the profits, plus a free house.

On my recent trip to Mexico I was told of the case of an American engineer who was given a contract by a Mexican firm—\$10,000 a year to begin with, increasing over the years, plus a deal for payment in stock; all contingent on his reorganization of the company plant and marketing over a period of three years. Five years have passed, I was informed, and today the engineer's salary and dividends in the company come to more than \$25,000 a year—less some mildly annoying Mexican taxes.

But there are other advantages which make life sweeter than in the States. The \$20,000 a year vice president mentioned above said:

"In Philadelphia I lived or tried to live on my net income in a suburban home and keep up with the Joneses. My wife in recent years was worked to death trying to keep one servant—when we could prevail on some menial to work for us at all. Here I have a 15 room house with six servants whose total wages amount to \$160 a month. They also do the washing and ironing. If I come home at midnight and am

Be Sweet in Mexico

By FRANK C. HANIGHEN

hungry, all I have to do is pull a bellrope and am served a supper by the butler—mind you, a butler. My total living expenses are about \$15,000 a year, and I do a lot of entertaining, much more than I did on the Main Line. So, I'm saving out of my salary. For the first time in many years I feel happy and comfortable."

While salaried Americans do well in Mexico, Americans who set up in business there do even better if they play the game right.

It is a by-word among American business men in Mexico that General Motors got its initial capital investment in its Mexican assembly plant back within two years.

An American official, in a position to know about American business men in Mexico, says that the average American-owned company, if well run, gets back the capital invested in three to five years. Mexicans, I gathered, consider these Americans overcautious; Mexicans try to realize their capital in a new enterprise in one year.

I said "American-owned." Before I visited Mex-

ico, I believed that American capital could not control more than 49 per cent of the common stock of any company incorporated under Mexican law. Nothing could be further from the truth, as I discovered.

There is a Mexican law on the books that gives substance to this belief. But in the first place, the law is permissive, not mandatory. The Mexican Government *may* prevent foreigners from holding a majority of the stock of the corporation. But the Government can give foreigners permission to hold a majority or even 100 per cent of the stock, if it wishes. And often it so wishes. The Government

General Motors de Mexico employs 1,200 workers, 98 per cent Mexican nationals

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G. M. WORLD

frequently wants a foreign firm to come in because it will bring a new industry into the underdeveloped Mexican economy, to push Mexico closer to self-sufficiency.

In the second place, there is the rarely publicized custom of issuing "bearer stock." For instance, I talked with a French business man who operates a box factory outside of the capital. He said:

"On my company books, I am credited with only 49 per cent of the stock. But my Mexican stenographer is on the books for two per cent; other Mexicans, including my lawyer, are credited with the rest. Well, look here—" and he took out a stock certificate. "Most stock certificates in this country are bearer certificates. The bearer may vote the stock or transfer it. My stenographer—" he grinned—"very kindly gave me her stock. I 'bear' it—I vote it. Therefore I control my box company. My American friends here do much the same. I would say that most of the foreign capital invested in this country has complete control of the Mexican companies in which it is interested."

Now the Mexican Government is quite aware of this situation and does nothing to stop this prac-

tice. The Mexican Government knows perfectly well that foreign capital and foreign skill are necessary to building up and maintaining the economy. But the Government also knows that its people have a long-standing prejudice against foreign business which is a political factor. Therefore by keeping the 49 per cent law on the statute books, it placates this nationalistic sentiment. At the same time, by granting exceptions and by tolerating the practice of issuing bearer stock, it helps develop the country.

Under this system, many Americans have gone to Mexico, cleaned up, stayed there and controlled

HEYDER FROM BLACK STAR

Sanborns, a famous American eating and meeting place in Mexico City



F. HENLE FROM MONKMEYER

Bill Sprattling went to Taxco ten years ago, revived the native arts of serape-weaving and silver-smithing. This now is a brisk business which gives employment to more than 100 workers

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Most people have. Your heart started beating before you were born, and in a normal day pumps about 11 tons of blood.

When you are relaxed your heart works about one third of the time and rests about two thirds. When you are active your heart works harder and rests less.

Overweight also makes your heart work harder.

That's why it's important for most people in the middle and later years of life to avoid excessive physical effort and to keep their weight down at least to normal.

When you learn to "take it easy" you are helping your heart.



He abused his heart

Here was a successful businessman who repeatedly overexerted himself at work and play. By age 48 he had developed high blood pressure, and complained of occasional pains around the heart.

His doctor advised him, among other things, to get more rest and cut

down his week-end activities. But he continued to overexert himself.

At age 52, he suffered a heart attack. The extra strains he had placed upon his weakened heart had so damaged it that he became a "cardiac cripple." He had *not* helped his heart.



He helped his heart

This man, a doctor, had a heart attack at age 55. After recovering he returned to his practice, but cut down his working hours and the number of patients he would treat.

He took time for a daily rest. He developed several hobbies which kept him happy and busy in leisure hours

but did not put a strain on his heart. At 65 he retired completely from his practice.

By thus helping his heart—by knowing how to live within its limitations—he was able to enjoy many interesting and useful years of life after retirement.

Start helping your heart early

While there is much less heart trouble in youth and early middle age than there used to be, more and more people are now living to reach the later years when there is a higher death rate from heart ailments.

By learning as you grow older to stop before you're overtired, by knowing how to relax, by having periodic medical examinations, and, above all, by following your doctor's advice—you can help avoid heart trouble, or lessen the effect if it

should strike. Medical science has developed potent drugs and skilled techniques to help keep you and your heart healthy.

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their enterprises. Few of our compatriots there will tell you anything different.

Now this get-rich-quick picture may inspire skepticism among many stay-at-home Americans who think in terms of our tax-burdened and highly competitive economy. It should not, for traditionally American capital abroad seeks and usually gets a quick and much larger return on equities than at home. It is the reward of taking risks abroad. It goes on all over the world.

But, to put the picture in the proper focus, the apparently Wallingford progress of Americans in Mexico does need some important qualifications. Wallingford and Blackie, as we recall it, operated on someone else's capital. Any American will tell you that unless the incoming American business man brings his own capital with him, he can't get by. For the current interest rates on 30-60-90 day bank loans average about nine per cent per annum, and first mortgage real estate loans draw 12 per cent a year. Such an interest load is too much of a burden for a young business to carry.

Business sense is needed

ALSO, American business men in Mexico must be guided by the same standards of sound judgment and prudence which are requisites of success in this country. I talked to an American whose job is to study the fortunes of American business men in Mexico. He said:

"Almost everybody made money here from 1942 to '45. But a lot of the war babies who thought their prosperity was eternal went under in the past two years. I could compile a list of at least 18 American enterprises which went bankrupt in the past year and lost all they had made in previous years. A lot of them came down here in 1941 and '42, produced goods for export to the United States. The goods found a ready market at high prices while war shortages lasted. But then came reconversion in the United States. The established American firms came back into the market. These boys here found their markets gone and they lost their shirts. They should have closed down in 1945 and pocketed their profits."

Finally, perhaps the biggest hazard to an American entering business in Mexico is failure to heed the old adage, "When in Rome, do

as the Romans." Unless a business man in Mexico adjusts his ideas, habits and plans to the realities of Mexican customs and laws, he will certainly come to grief sooner or later, and usually sooner.

"I recall," said another well-informed American friend, "the case of X—, a fine and successful business man in the U. S. but very opinionated. I warned him that he would have to compromise some of his business ideas and practices. He obstinately replied that he was going to operate his Mexican venture just the way he operated in the States, and not a tittle different. In less than a year he was broke, losing about \$100,000. He had got involved in strikes and disputes with government officials. He would not have done so, had he hired a Mexican counsel or manager, and tried to understand the country. He left here embittered and hating the Mexicans, for he didn't learn a thing and is just as opinionated as ever."

Let's take a different story—an example of an American who has made a success of his enterprise in Mexico. A labor union presented him one day with impossible demands for wage increases and reduction of hours—otherwise they would strike. The American wisely refused and waited a day or so. Sure enough, the business agent of the union came to pay him a visit.

After long, flowery and complimentary exchanges of remarks, the two got down to business. The Mexican demanded \$3,000 to withdraw the demands and cancel the strike. The American countered with an offer of \$200. Ere long the bargaining approached a climax. The American got up to \$1,200 and the Mexican got down to \$1,500 in his demand. At this point, they flipped for the difference, at the American's suggestion, and to the

Mexican's great reluctance. The American won and paid the Mexican \$1,200. The strike was called off, no wage increases were paid or hour reductions made. The Mexican, however, had one last request:

"Señor," he said, "I don't care whether you talk about the terms of the settlement. But, for the love of God, I ask you never to mention to anyone that I consented to flip a coin for the difference. It would ruin my reputation, if it got around."

"Mordida" is common

THE *mordida* or "bite" is a term of rather current usage in Mexico, and has a much wider range of application than merely to labor disputes. It is often employed in speaking of the relations between the Government and private firms. It is not a case of "sinister foreign interests" corrupting honest government employees. Mexicans themselves take the *mordida* as a necessary evil. When a government or municipal inspector drops around, he can find a lot of things wrong if he so chooses, and he usually does. Government employees, it should be explained, are paid such low wages that they could not live on their income from the Government, if it were not for the *mordida*.

The problem of an American's relations with the Mexicans boils down to something more fundamental than the sordid business of the *mordida* suggests. Americans who go into business in Mexico should realize that they are dealing with a different culture. A basically Indian civilization, on which a Spanish culture had been imposed with varying success and failure over four centuries, is the amalgam which confronts the

American in Mexico when he seeks to introduce his own Yankee civilization. There must necessarily arise compromises between the contrasting cultures on both sides—and by and large, through some toil and trouble, these compromises are reached.

Omitting the usual toplofty lecture which Americans are prone to give Mexicans, it is well to emphasize to Americans the facts of life and business in Mexico today. The days of colonial exploitation are now over. The system under which foreigners swarmed all over the country, monopolizing





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A UNIT OF THE BELL  SYSTEM SINCE 1882

positions and capital, drawing out of the country as much as possible and giving as little—that day is over.

Porfirio Diaz, it might be well to remember, is long dead. Mexico is running and going to run its own affairs without foreign dictation. And Mexicans intend to get the major share of prosperity.

A new era in economy

THE past 40 years of social revolution have apparently ended and a new era is commencing. Many of the evils which previously existed have been reformed. But the reforms have been accompanied by many drawbacks. Mexicans realize that many of the radical reform schemes have been detrimental to the economy of the country. They are proud of what they have been able to do for their country, but realize their limitations. They know they need foreign capital and foreign know-how.

Hence a new concept has arisen—a partnership between Mexican capital (there is some) and Mexican "social know-how" on one

hand, and foreign capital and foreign technical know-how on the other. Mexicans can assist incoming Americans to make the difficult adjustment to Mexican conditions.

For instance, I heard of an American building material manufacturer who is entering the Mexican field. His technicians have surveyed the raw material supplies and his laboratory men have discovered possibilities for an improved product—much better and cheaper than the article offered by an overconservative Mexican firm. A deal has been arranged by progressive Mexican interests to bring in the American firm on a minority stockholding basis, to take over an antiquated Mexican plant, to build new equipment under American supervision, and to launch the improved products on the Mexican markets. The Americans will provide the industrial techniques and some of the capital; the Mexicans will provide most of the capital and—through their knowledge of the country's customs and culture—will help guide the promotion of the business.

I learned of another project

somewhat similar in outline. But in this case, the Americans met with a surprising proposal. "We suggest," said the Mexicans, "that we split the common stock fifty-fifty. We believe this will make the enterprise more attractive to you and give you a greater incentive. In the end, both of us will profit."

A prominent economic adviser to big corporations and investors writes me, "I never advise any of my clients to invest in Mexico." In view of Mexico's turbulent revolutionary history of the past few decades, I can hardly blame him. But his attitude must be increasingly challenged, for large American firms, which never take such moves without shrewd calculations of risk, are going into Mexico.

A newcomer in the Mexican merchandising field is Sears Roebuck and Co. which opened a store in the Mexican capital almost a year ago. Sears is cautious about talking of its volume and profits. But other business sources in Mexico report that Sears' store is doing as well at least as the average store.

Faster retail sales

SEARS is tapping new markets with methods novel to Mexico. Most old department stores have depended on a slow turnover and a very high markup. Sears charges less and sees that there is a greater velocity of turnover. And the firm seems to know how to adjust itself to the difficulties of doing business in Mexico. It recognizes, but does not complain of, the lack of credit facilities which any American city has; the slowness of transportation and delivery of goods; the *mañana* spirit in various transactions. It has even had to employ 13 detectives in its store; whereas the average Sears store in the States has two. But the firm's managers in Mexico, who are mostly Mexicans themselves, take it all philosophically. It's a part of the game.

One night in Taxco, a small town in a southern state of Mexico, I watched some burro drivers, pajama-clad with sombreros on head, go by the door. It was a primitive looking caravan. But one thing I noticed. Two of the burro drivers had electric torches and enjoyed using them.

Those lights keep flashing in my mind when I think of the possibilities of a great market for American goods, for which there is obviously a growing appetite, but which will take American enterprise, American capital and American cleverness to satisfy.

It's a Knotty Business but Nice



A PIECE of string, a hobby and a party-going daughter combined to make Charles J. Frisbie of Seattle the originator of a new business.

Frisbie is an expert in the art of French macramé—the square knotting of cords into decorative patterns—which has been a sailors' hobby for centuries. In the past 12 years he has converted jute, string, gimp, and fishline into hundreds of table

mats, lamp covers, doilies, seat cushions, and novelty necklaces and bracelets.

When his daughter asked him to try his hand at a length of gold cord, Frisbie came up with a new twist and created a sparkling belt. Soon he was knotting belts for all his womenfolk and their friends.

So successful were they that he decided to turn his hobby into a business. Today a staff of girls knot about 100 macramé belts a week. Though even the simplest of the hand-made patterns takes at least one hour to tie, Frisbie soon will have an enlarged plant force turning out 1,000 a week to meet the growing demand from stores and specialty shops.

The macramé-d belts—knotted gold and silver cords set on colorful velvet and satin foundations in varying widths—are far in the lead in the costume accessories line. To date a four-way affair of tasseled gold cord which can be used as belt, head-dress, necklace, or drape has been the best seller.—NORMAN AND AMELIA LOBSENZ.

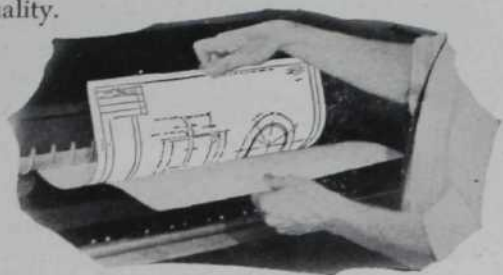
Kodak

Here's what

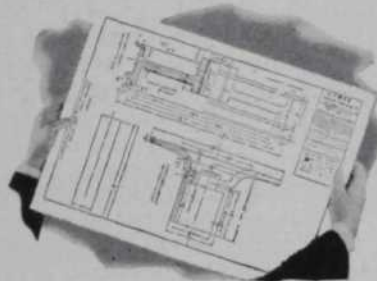
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Hospital Camera

TO NON-PARENTS, a new-born infant is not likely to be impressive. But to the parents there seems to be something wondrous about the squirming little phenomenon.

It was this habitual reaction of parents that launched a former Navy officer upon a business venture he believes will make a lamp-like stand with camera and flash bulb pointing from its top as common around hospitals as gauze and bandages.

The contraption automatically takes pictures of the little newcomers. All a nurse has to do is roll a baby's crib under the device, press her foot on a switch and presto—it's all over.

The fellow who got this idea is Robert Clark, a Washington news photographer, who served a hitch in the Navy as a photographic officer. Actually, the idea came to Mr. Clark about seven years ago after he had become a father. Eager to have a picture of his offspring, he contrived to get around hospital rules and obtained a photograph.

The picture created a sensation in the Clark family. It occurred to him that other people also would like such a picture. He began to work on his automatic camera device.

Six years of experimentation were necessary before he was ready to install one of his machines in a hospital. Three hospitals in Washington, D. C., and vicinity now have the picture-taking machines.

At regular intervals, Mr. Clark picks up the exposed film in each camera and develops the pictures. The hospitals get prints for their records free of charge. If parents want prints, they pay for them. The hospital bills the parents and later forwards the money to Mr. Clark who retains ownership of the machines.—HAROLD HELFER

Not a chance....!

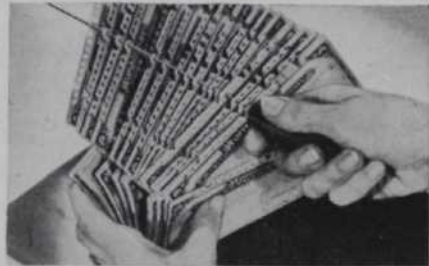
Kala would surely be a mighty handy girl to have around an office! However, she went to India to take up religious work, a few thousand years back. You'll just have to get along with the two-handed kind...

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of this vital truck building principle...

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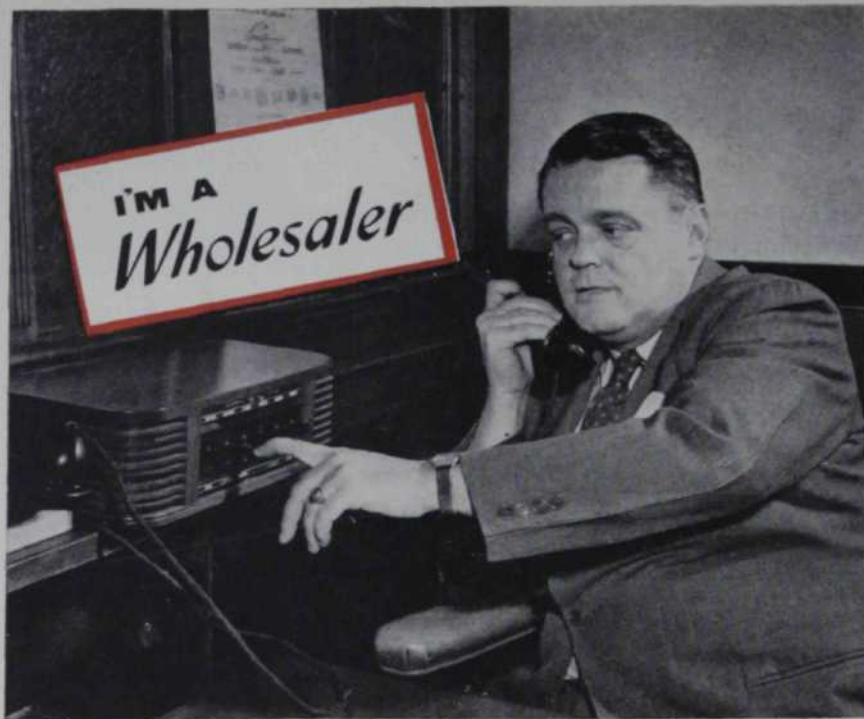
doing only one single, one specific job!

Bonus Built=Longer Life! What's more, these same WORK RESERVES allow Ford Trucks to relax on the job... to do their jobs easier, with less strain and less wear. Thus, Ford Bonus Built Trucks last *longer* because they are built to work *easier*!

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***BONUS:** "Something given in addition to what is usual or strictly due."—Webster's Dictionary

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In my own case, my local chamber has done more than just help solve my business problems. It has made my town a better place to live in—with better schools, more efficient local government and more opportunity for wholesome recreation.

▶▶ WE wholesalers know that no matter how good our local chamber officials are, they can't do their most effective work without help.

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**Chamber of Commerce of the
United States of America
WASHINGTON 6 • DC**



How Dead is the New Deal?

(Continued from page 35)

Deal changes is not only whether they are for the public good but also how long they can be paid for. Regulatory measures for the protection and welfare of the people are a duty of government. Using them as an excuse for lavish spending was a New Deal habit. Responsibility for our own people easily expanded to responsibility for the entire world. The New Deal's thirst was insatiable, millions became billions and the National Treasury was pictured as a bottomless well.

An occasional optimist still has a vision of a balanced budget. The dreamers awaken when a veteran of the President's own General Accounting Office declares the figures are juggled by including anticipated collections and disregarding unpaid bills. With a \$250,000,000,000 national debt and a swollen note circulation, the Government is heavily mortgaged to its people.

Money always available

MORE fortunate than the man who must hock his watch to get a five-spot, the Government always has been able to print more money or float another bond issue. The bonds sell on faith in the Government's promise to pay.

The Government which sells them and lives on borrowed money by passing the burden of today's spending on to future generations has the assurance of an impecunious friend of Capt. Will Judy, publisher and philosopher. The genial fellow was an habitual borrower who never paid back. One creditor finally showed up with a promissory note. Big-hearted Charley signed cheerfully, laying down the pen with the remark; "Well, I'm glad that debt is paid."

The philosophy which the New Deal adopted is not dead. Its old masters are gone but its charm for rulers remains. As before, its grim realities can be masked by promises as it revives to meet the latest crisis. Increasing taxes or new bond issues will compete further with what business must set aside for reserves and expansion. Consumer prices go up, wages try to meet the higher cost of living and, though depreciated dollars will reduce the national debt, all is at the expense of the taxpayer and individual. Such financing bankrupted France and ripened Germany for Hitler and ruin.



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"Look Ahead—Look South!"

Ernest E. Harris

President



SOUTHERN RAILWAY SYSTEM

The Southern Serves the South

Our New Friends, the Japanese

(Continued from page 43)

dead, or in jail, or living in obscurity and disrepute. Militarism is gone. Moreover, defeat separated Japan from the means to make war. She has not the resources within her borders to create new military might.

Into the moral and social vacuum left by the pangs of hunger and the humiliation of total defeat came our Christian forces of occupation. Gradually, the realization that Shintoism had failed

the service. Most striking of all, the Diet elected Tetsu Katayama as prime minister of Japan—the first Christian prime minister in Japan's history. The Emperor, astonishingly, fits into this new Japan far better than into the old feudalistic Japan of the militarists.

The position which the Emperor occupies in the minds of the people is not generally understood. He is the living symbol of the race and in him lie the virtues of the people's ancestors. He is the incarna-

western materialism, but flatly rejected our spiritual values. With western materialism she rose to a world power—only to fall by the very power which made her great. Now, the Japanese feel, they must take the other hand which the West has to offer and assimilate western ideology.

This Japan is doing rapidly, for there is no one in the Orient to whom she can turn. In the Philippines and China hatred engendered by the war is still justifiably rampant. Moreover, China is suffering from an economic and political turbulence without parallel. Japan dares not turn to Russia because she fears her.

This is not a new fear. It is a fear which has progressively been intensified since the Red Revolution. Russian conduct during the occupation has given the Japanese a taste of what they might expect if they were to fall under Red domination.

During the time I was secretary-general to the Allied Council for Japan, I learned that the bitter Japanese resentment of Russia traces back to these points:

1. Soviet stalling on Japan's request for mediation with the Allies, while simultaneously preparing to launch a belated attack;
2. Alleged slaughter of Japanese troops in Manchuria after Japan had surrendered;
3. Russian reluctance to repatriate nearly 1,000,000 Japanese prisoners of war;
4. Russian endeavor to stalemate reparations;
5. The stand that Japan cannot be "democratized" so long as the Emperor system exists;
6. Opposition to measures which would bolster Japanese economy;
7. Efforts of Russian Communists to instigate strikes, to disregard property rights and to incite chaos.

Fear of Russia and the mounting tide of Christianity are strong assurances against communist domination, despite the fact that Japan today is a vast poorhouse, and that the Russians are doing all in their power to win the country.

It has been General MacArthur's conviction that the best way to prevent Japan from going communistic is to give the Russians and their Japanese fellow travelers, of whom there are some 25,000, an absolutely free rein. Consequently, Communists have had complete political freedom. They have been given transportation



The dreaded GI turned out to be a friend of the weak

to sustain them swept over the Japanese people. Shintoism, which demanded loyalty, worked in time of victory but it offered no solace in adversity. Consequently the people began to grope for new spiritual values.

The Japanese have always respected a winner. The victorious American forces and the decency of their conduct appealed to them. There were already enough Christian Japanese—an estimated 500,000—to provide the leaven for a strong Christian upsurge. Dr. Kagawa and Miss Michi Kawai, both devout Christians, led the movement. Kagawa received word from the palace that he was to raise the moral level of the Japanese people.

The Empress Dowager remarked: "What this country needs now is Christianity."

An American Quakeress came to teach the Crown Prince English and ideas of democracy. Christian churches in Tokyo suddenly filled to overflowing. One held services daily and it, too, was crowded. Many Japanese held Sunday services in their homes. Curious, homesick GI's wandered by, heard the singing, entered and joined in

tion of national spirit; loyalty to him is absolute. Although no one fears him, all still hold him in almost reverential awe. Most Japanese people even now would not touch him, look into his face, address him, step on his shadow. This abject homage is sustained by a religious patriotism, the depth of which Westerners find it difficult to understand.

The poor people are especially devoted to Hirohito. They feel that his addressing them personally over the radio at the most critical period in their history makes him unprecedentedly close. His rescript opposing the militarists and *demanding peace* filled them with joy. Hirohito enjoys more personal popularity among the people than has any other emperor of modern times. His renunciation of alleged divinity and Japan's adoption of the new constitution actually released him from the false position in which he had been placed by militarist domination. These changes merely enhance his position in the eyes of his people.

Japan's swing toward western ideology is natural. A number of leaders explained to me that in 1870 Japan wholeheartedly adopted




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and permitted to travel. No restrictions have been placed on the size and activities of the Russian staff in Tokyo. Yet, in spite of this freedom of maneuver, the communist movement has been a fizzle.

In the first free election, only six Communists were elected to a Diet of 466 members. Before the war, under military restrictions, the Communists boasted seven members of the Diet. In the second election, out of 716 members elected to the House of Representatives and the House of Counselors—Japan's new Congress—precisely eight were Communists. In short, Japan shows far less trend to the left than some supposedly democratic states of the West.

Reds retain hope

DESPITE this signal failure, Communists still hope to win their ideological battle. Their trump card is to create economic chaos. And time and stalling are on their side. These two conceivably could counteract all our gains of the past two years.

Japan is cursed with a lack of resources. Only 15 per cent of her land is tillable. Iron ore, oil, mercury, manganese, nickel, tin, tungsten—sinews of modern industry—appear only in negligible quantities. Only in coal, timber and ocean fisheries can Japan hope to meet her own needs.

Every effort is being made to increase food production. Japan's feudalistic land problem is being resolved. Nearly half of the population are farmers. The average farm family tills 2.7 acres of land. Before the war, some 80 per cent of this land was owned by the

landlords. The tenant gave his landlord one half the crop, did all the work, provided the seed, the implements and the fertilizer. Naturally, farmers were impoverished. Today it is possible for a tenant to buy the land he tills. The Government is subsidizing land sales so that the landlord is not stripped of his wealth without fair reimbursement.

But, even with land reform and her fisheries back to prewar standards, Japan can never raise enough to feed her population. She must always import at least 20 per cent of her food. But, to import, her economy must be set up so that she can export manufactured goods. To export, Japan's peace-time industry must be re-established.

If, however, reparations strip Japan of her remaining industrial assets, we shall have to continue to feed her at a cost of some \$300,000,000 annually. Thus high reparations—and \$54,000,000,000 have been claimed by our Allies—really mean that the United States in the long run will foot the bill. Moreover, it is to the best interests of American business that Japan be permitted to stabilize her economy.

Then the frugality of her people and their eternal willingness to work can be trusted to build a sound economy.

On the other hand, if her economy is permitted to collapse, Japan will be compelled to turn unwillingly to communism and be forced to help mold the Orient into a vast group of slave states under Moscow domination.

Only decisive action in the form of a peace treaty with Japan can avert disaster.

As soon as a peace is effected,

our occupation forces should be withdrawn. No matter how enlightened the program may be, armies of occupation are repugnant to any self-respecting people.

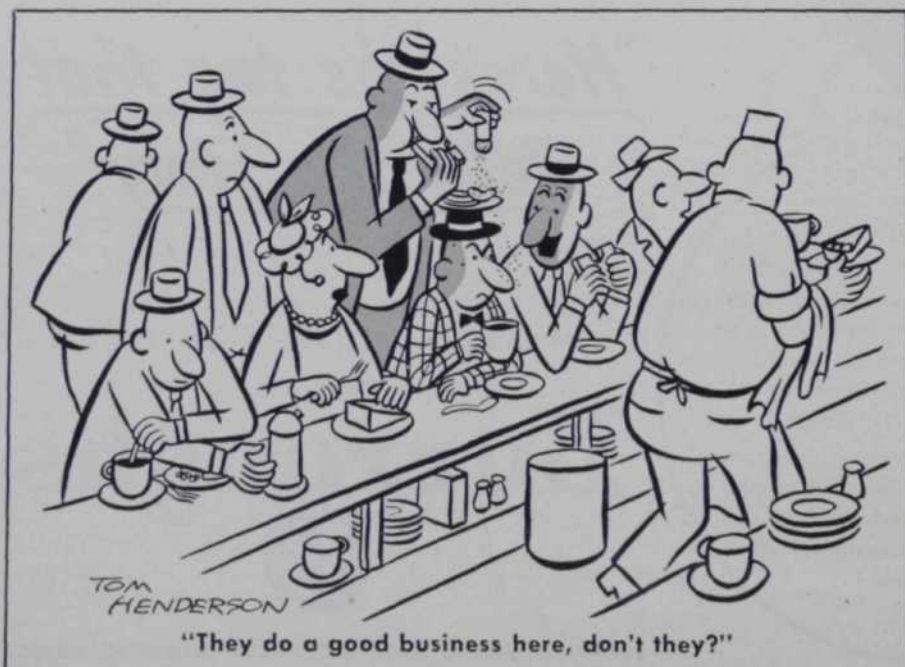
The Spanish occupied the Philippines for more than 300 years. Their troops intermarried and gradually lost military effectiveness as they became a part of the population. The Japanese occupied the Philippines only three years but their brutality was such that the Filipinos will hate them forever.

It is imperative that our American forces shall not fall into either of these categories. From now on, the continued presence of occupational forces will encourage rather than discourage communism. General MacArthur has stated that the present government is now strong enough to hold down a general strike or any other communist maneuver if the American Army is withdrawn. But it is *not* strong enough—even to survive—unless a peace is signed to provide the economic stability any government must have to endure.

It is possible, if our leadership is able, that Russia would join in a peace treaty with Japan. Certainly she would have much to gain by remaining a member of the United Nations. But the problem of whether or not Russia joins in the treaty, or if she joins would comply, is inherent in the peace now or at any future time. In the opinion of experts, including former President Hoover, a decision to make a treaty without Russia would not lead to war. But in any event, the treaty should be attempted now.

Doubtless an Allied commission created to operate under the United Nations would supervise Japan's compliance with the terms of the treaty. Whether or not the United Nations would guarantee the Japanese security from aggression is something to be worked out over the peace table. It would indeed be a strange quirk of fate if Japan, which fought the cruelest war in history, became the only nation which had renounced war as a sovereign right.

In the years since 1941, we have spent much blood and treasure in defeating Japan and in bringing her universal suffrage, free speech, free press, and the decencies and responsibilities of democracy. Certainly, it is high time that America faces the fact that we must choose between a Russian-dominated Japan or a free Japan. We can do business with a free Japan. And what happens there will have a profound effect on our other world interests.



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EDISON ELECTRONIC VOICewriter



Enter: the Real Machine Age

(Continued from page 46)

generations to work in metal. Some machine tools spend their time making the machinery for mass production itself. Thus they are the very seeds of the whole process. But most machine tools are devoted to shaping steel, aluminum, magnesium and a hundred alloys into the products of everyday life. Their operators do in metal what the carpenter does in wood with his plane, saw, and lathe, and do it more accurately. It is this accuracy that makes mass production possible.

"The term 'mass production,'" says Charles F. Kettering, until recently General Motors' vice president of research, "is perhaps less understood and more misinterpreted than any other. It all started when our writers saw the assembly line. We have the assembly line only because we can make pieces so exact that we can take any piece in a thousand, drop it into place on an auto and have it fit. Because we make things accurate to the thousandth of an inch in the first place, they cost less, last longer and work better. Not only autos but radios, refrigerators, furniture, farm machinery—all of those things—have been brought to millions who couldn't have had them but for the interchangeable parts that make mass production possible."

Machines do new tricks

WHILE the new machine tools do the same things machine tools have always done, one of the new editions would probably baffle an old-time machinist as the giraffe baffled the farmer. These postwar models even handed surprises to most of the 100,000 manufacturers who saw \$20,000,000 worth of the very latest at the fourth world showing of the National Machine Tool Builders' Association last fall in Chicago. Here was no rehash of high-output war machinery. Here were new machine tools far more automatic than any of those run by housewives, more accurate than those that made precision parts for aircraft and more economical than anything that ever got into the line in those damn-the-cost days before Hiroshima. Here was the bid of the country's smartest production engineers to lick the highest material and labor costs in history.

Push-button factories, no less!

These machines are equipped with such delicate push-button controls—mechanical, electrical and hydraulic—that they make a skilled mechanic feel clumsy. Push-button appliances load and unload the work, and start, stop and guide high-power electric motors through an infinite range of speeds. Some "programming" controls have what amounts to the power of memory. Guiding them through one complete cycle by hand is enough to set the various limit switches and establish a pattern for future cycles inside the "brain" of the machine. Then the machine will set about making parts itself, while the operator strolls around and keeps an eye on a whole line of laboring robots.

There's even one machine that can read a blueprint and then go to work and make the piece it calls for. It takes sketches of all sorts of parts, from locomotive driveshafts to ornamental door plates, and cuts them out of metal with acetylene torches. A "tracing arm" equipped with an electric eye follows the outlines of the drawing, and its motion controls the movements of a larger arm in another part of the machine which holds the cutting tool. General Electric engineers who developed this manufacturing automaton say it has more potential uses than a scroll saw in a home workshop.

Some of the machines do tricks that even a production engineer won't believe until he sees them executed. To the average fellow, a lathe has always been something

that takes a hunk of wood or metal and turns it over and over like a chicken on a spit while a man with a cutting tool carves it into something round, like a chair leg or a lamp base. But now a new Monarch lathe going into factories everywhere—the Shapemaster, they call it—takes a round piece of material and automatically turns it into a cube, a hexagon, an octagon, a sphere or—if anybody should want one—a pyramid with square corners.

Production economies

THE Shapemaster adds up to quite a curiosity to us, but to production engineers it's a sensation. It means that for about \$75 they can make one of the heavy metal molds that shape glass, plastics and rubber products, where molds like this used to cost around \$1,000 each. One maker of glass doorknobs turns out enough molds for a year's production in four weeks. It once took 52. It is this cost-saving process that can mean fluted glass bowls at dime-store instead of jewelry-store prices. It is largely because of this lathe, say Monarch officials, that square fruit jars—great savers of space—are coming into use in large quantities.

Many another machine also has its bag of new tricks but the most startling of all are the new super-machines that combine 10, 20, 30 ordinary machines in one. One sprawling behemoth in the Buick plant of General Motors combines 45 power tools, some of them weighing 40 tons, in a single "transfer machine" 1,000 feet long. The whole cylinder block—most of the auto engine—is loaded on at one end of this "in-line" machine





Labor's stay-on-the-job record is

UP

in New York State

A smaller proportion of man-days was lost as a result of strikes in New York State than in any other of the nine leading industrial states. Collective bargaining is not new here; labor and management have been settling their differences peacefully for a generation.

WHAT OTHER STATE GIVES YOUR BUSINESS ALL THIS?

New York State has more of everything! The country's richest, most concentrated market. Foreign markets within easy reach. Unparalleled transportation facilities. Friendly, progressive communities eager to welcome you. For more information, write New York State Department of Commerce, Room 22D, 112 State Street, Albany 7, N. Y.

shop and moves automatically through several hundred boring, drilling, honing, grinding and finishing operations with little manual handling or attention.

It is with such machines that the auto industry is tooling up to replace today's 37,000,000 "old" cars with new and striking models. Design engineers say mass production will really begin when the public lays eyes on the coming models. New comfort is promised, with interiors growing progressively larger and exteriors more streamlined. Fenders will fade into the body. Radiators may eventually be eliminated entirely by the use of new coolants. Power-weight ratios will decrease as heavy metal disappears. New gadgets will be legion. Wireless telephones, for example, will probably be as common as radios, one designer predicts, so that when a motorist is late for an engagement he can call up and blame it on traffic.

Such marvels as the "in-line" machine shop and the mile-a-minute rolling mill are being widely applied in large-scale mass-production industries.

"But the real break for you and me," says Tell Berna, executive director of the National Machine Tool Builders' Association, "will come from the general use of high-output, low-cost machine tools in medium- and small-sized factories. New editions of almost all these tools are being brought out in prices and sizes to suit the small manufacturer. And they're also designed to be readily interchangeable, that is, to convert easily from the making of one product to another without costly and time-consuming changeovers.

Saving the "tool up" time

"THE backbone of business today is interchangeable manufacturing," says Tell Berna. "Many things still have to be made in 'lots' for mass distribution—such as our new home-freeze units and much of our furniture. It will be a big thing for all of us when manufacturers can turn quickly from one product to another without expensive delays.

"The real benefits of these new machine tools," he says, "will be accruing for five or ten years as more and more factories apply them."

He believes that most of our domestic products will be standardized for this kind of mass output. We may settle on a single model of a floor lamp, for example. Then its parts can be turned out in quantity by several manufacturers

and assembled by a distributor. There'll be small variations, of course, in color and material to suit the individual taste. For another thing, sectional furniture can be highly standardized, Berna says, and turned out in such quantities that everyone can have a beautifully furnished home. Industrial mass production is now being extended even to the field of housing itself. Here again, wide benefits can be enjoyed from standard units.

A new pattern of life for the whole nation is now beginning to emerge, as industrial designers see it. The new-type machines will make it possible to decentralize industry into small factory communities. At the same time, industry will be able to mass-produce better and cheaper transportation. By the same methods, it can turn out low-cost homes and the means to furnish them reasonably with all the conveniences. These things will make it possible to construct small self-contained cities which, community planners explain, spell healthier and happier lives for all of us. It means that we are rebuilding America, not out of war devastation, as are other countries, but along the line of the new opportunities that are opening up for advancement.

Drudgery to vanish

AND we have only begun to apply our discoveries, the industrial engineers tell us. We shall have plastic bathtubs, one declares, that are warm to the touch and light enough to carry around in one hand. The drudgery of housecleaning will be all but removed when dust is taken out of the air by the new invention called the precipitron. Applications of a hundred synthetics, the new light metals, electronics, radar, micro-waves—all these things and others will bring us an infinite variety of new conveniences.

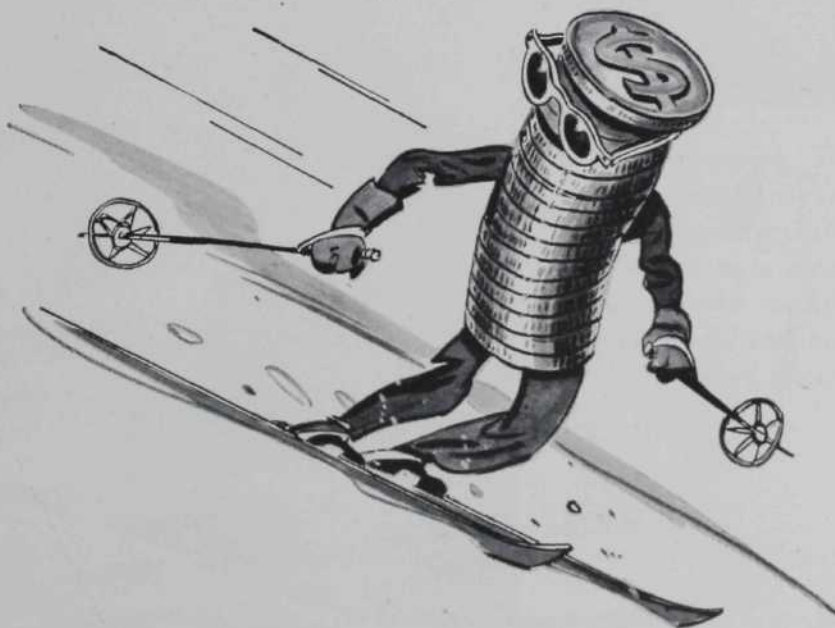
Meanwhile new discoveries in chemistry, physics, metallurgy, engineering, medicine and public health will be pouring out of a thousand laboratories. Scientists are working on control gadgets that have a sense of smell and almost the power of thought, along with a host of other applications from the electromagnetic spectrum. These, coupled with research in atomic energy, physicists say, will lead to everyday use of atomic power. New methods, new products, new and cheaper ways of making familiar things—it's a continuous process that always means something new for the consumer.

Tax rates are

DOWN

in New York State

Business taxes—corporate and unincorporated—are down 25%. Personal income tax cuts totaled \$386,000,000 in the past five years. No state sales tax, no excess profits tax. And in the past three years unemployment insurance tax credits to business firms reached \$300,000,000. It *pays* to locate in New York State.



How to

THE WAY some people tell it, the International House in New Orleans was a kind of accident.

"Archie" Jewell was called on to make a speech. His talk sparked the idea and, first thing you knew, all New Orleans was behind it. That is all true, except that there was a kind of civic combustion.

This is the way it happened!

When the post-Long organization took over the affairs of New Orleans it found the port in a deplorable condition. Not the port itself, of course. The mouth of the Mississippi was obviously planned by nature to be one of the world's greatest ports. But the Dock Board had been mulling its job. Many of the Board's 3,500 employees didn't even visit the scene.

Newly elected Gov. Sam Jones tapped E. O. Jewell to be general manager of the new Board of Commissioners which replaced the Dock Board. He had been selling cotton all over the world all his life and had learned about all there is to be known about ports. He is a pleasant, mildly rotund person with a stout jaw and extensive hand-shaking ability. One of the things he did almost automatically was to invite visiting business men to ride around the harbor on the Commis-



LEON TRICE

The mahogany-paneled Great Hall of International House where buyers and sellers of all the world get together with the buyers and sellers from the Mississippi Valley



LEON TRICE

Mike Mora, right, points out favorable New Orleans freight rates to Antonio P. Hache of Santo Domingo

Jose Melencio, Philip-
left, steamship man,

Build World Trade

By HERBERT COREY

sion's patrol boat. Presently he found himself in St. Louis, making a speech to a group of business men. A stranger rushed up to him.

"Gee," said the stranger, "am I glad to see you, Archie!"

Mr. Jewell was not perturbed by this welcome from a man he did not know from Brian Boru. He said, "Hi."

"You remember introducing me to that man from Costa Rica the day we went around the harbor on your yacht? Sure you do. Well, I've sold him \$500,000 worth of goods already this year and my firm is in the export business for the first time. And is that something!"

Jewell remembered the incident when he was asked to address a small group of New Orleans business men. They had a vague plan for a permanent fiesta for the mutual benefit and relaxation of business men and their possible customers in Latin America. Jewell threw away the speech he had prepared about glories and opportunities and elbow-to-elbow and got down to brass tacks. He said in ef-

fect that New Orleans could do a better job by getting a man who wants to sell within handshaking distance of a man who wants to buy than it could with fiestas filled with dancing girls and distinguished citizens all the way to Baton Rouge. He said—also in effect—that he had been selling cotton successfully all his life and that it had never been necessary to carry a road show. He sat down feeling he had done a painful duty in kicking around the pet idea of his hosts and that it would be straining optimism too thin to expect them to like it.

They rose and cheered.

Some time passed before the suggestion took tangible form but, when it did, it snowballed. The fact appears to be that, what with one little thing and another, New Orleans business men had been feeling somewhat repressed. The little things will not be enlarged upon here. Those who keep up with history know what they are and those who do not would not be interested. But almost everyone wanted to be

counted in. Some of the most formidable optimists in the International House today began as prophets of doom and suddenly found themselves cheering.

International House is at present alone in its class, but a dozen or so cities are examining its operations with a view to doing something of the same kind themselves.

It brings the buyers and sellers of all the world together with the buyers and sellers of the Mississippi Valley. No commission is charged. There is no possible way for the International House to make so much as a thin dime. It provides its guests with private offices, bi-, tri- or quadrilingual stenographers, access to a fine reference library with periodicals, telephones and stationery, information and introductions, and adds such services as obtaining hotel reservations—which is a heavenly gift in a city in which lines stand before the reservation desks of every one of the 11 principal hotels far, far into the night—plane priorities, steamship pas-



pine consul in New York, chats with Alec Cocke, and E. O. Jewell, right, of the Port of New Orleans

Mayor William Kemp, left, of Kansas City, discusses trade with Mayor "Chep" Morrison of New Orleans

sages, tables at restaurants for which New Orleans is famous, facilitates banking connections.

Between times the guest may drink at a bar which not only serves sazerac cocktails and Ramos gin fizzes and other combinations but at which is poured a proper quantity of honest liquor for the old-fashioned patrons. The guest may lunch in a dining room, where the carpet is ankle-deep, on victuals prepared by a chef who learned his art in 40 years at Antoine's, or nibble uncoun-

smörgasbord in the second-floor lounge if his palate inclines toward simple things and pounds of them. After lunch he may enjoy his cigar in the mahogany-paneled Great Hall, so beautiful that a photograph of it won a prize in a recent competition, and which is fittingly set off by a Gobelin tapestry.

The time will come when guests may sleep under the roof of the International House. At present the ten-story building is simply not big enough.

The 1,500 members pay dues

from \$50 to \$250 annually for these luxuries and conveniences. On Tuesday and Thursday evenings dinner is served and ladies may be invited. Members must sign chits and no tipping is permitted. An auditorium accommodates 200 or 300 persons when addresses are to be heard on business topics and is:

A. Convenient to the classroom in which Spanish is taught.

B. Near the room in which veterans who want to learn the business of importing and exporting are put through an intensive course of sprouts. They may study this extremely intricate, not to say tricky, commercial specialty for as much as two years. Not many stay the route, because, no sooner has a student pipped the shell, than some hard-pressed firm snatches him up, or else the neophyte decides the going is too rough and quits.

C. Handy to "Mike" Mora and his enthusiasms. Technically Mr. Mora is chief of the World Trade Development department. If I got the general drift of Mr. Mora's thinking—which is expressed at a word-rate which would break any stenographic heart—if this world does not settle down to peace we will all eventually go to hell; peace cannot be secured by politics, stuffy speeches and international arrangements; peace can be made certain only when all the nations of the world trade with each other freely. It is up to Mr. Mora to fix this up if possible.



LEON TRICE

At International House victuals are prepared by a chef who learned his art in 40 years at Antoine's—and the dining room carpet is ankle-deep



LEON TRICE

The bar not only serves sazerac cocktails and Ramos gin fizzes but also pours a proper quantity of honest liquor for the old-fashioned patrons

Details of helping trade

HE found a man in South America who had sure-fire sale for one of our products if he could get 36 months' credit. Mr. Mora got him the credit. Most of the banks he first talked to were immured in what Mr. Mora considers our fuddy-duddy banking laws which tie enterprise up in all sorts of penny-ante restrictions. He had to go as far as Dallas to find a bank which could handle the loan.

A veteran had an idea that he wanted to go into exporting. He had a little money and a salable line but he did not know a waybill from a cashier's check. A Kansas City firm would like to sell its line of radios. "Mike"—it's a shame that everyone calls him "Mike;" he is dignified in several languages, he has had business experience on two or three continents, and he has an eye like an eagle's for chances; but everyone does call him "Mike"—swiveled in his chair just long enough to tell the people in K. C. to get in touch with the man in Latin America who had

just asked where he could get 3,000 radios in a hurry.

That speed was unusual.

But south of us we have a continent filled with people who want things and we have thousands of concerns eager to sell to them. There are artificial barriers on the intercontinental road at present. Chile runs short of dollars and stops buying our automobiles. Peru shuts off certain luxuries. Argentine would buy more except for the inconveniences. The International House is trying to smooth out the ruts. Up to date Mr. Mora has made something like 4,000 contacts between would-be buyers and sellers.

Conservative beginning

BEFORE getting a firm grip on these activities, a glance at the history of the House is essential:

The prime movers manifested a natural conservatism at the beginning. They could not know how the business public of New Orleans would respond. Rather than make plans which might go pop, they thought of making business men in Central America better acquainted with New Orleans at the mouth of the Mississippi. The city has always depended on its port and its agricultural background.

The port had been permitted to grow in an unexcited way, although an average 10,000 ton freighter leaves something like \$110,000 in town; and, for the fiscal year 1947, 2,475 ocean-going vessels arrived, not to speak of river vessels and barges. In dollar volume New Orleans claims the title of Second Port, U.S.A. On export values, New Orleans was exceeded only by the port of New York.

It was natural that International House burst its first swaddling clothes in a hurry.

Money had to come in. Rudolf Hecht took an active interest. He was for years one of the leading bankers of the city. Theodore Brent joined with his knowledge of shipping interests. The list of others who took a hand is too long to be printed. The Central American field was expanded to take in all Latin America. A six-story building was hardly occupied before it proved to be too small, and the present ten-story structure at Gravier and Camp streets was bought and reconstructed to suit the needs. Today the field is the world, the name "International House" is justified.

In theory the House proposes to be the liaison between the Mississippi Valley, bounded on the north by the Dominion of Canada, on the west by the Rocky Mountains—

this permits the inclusion of Texas—and on the east by the eastern seaboard—and the merchants of the world. In operation it would offer its facilities as readily to a New York banker as to a man who grows prunes in California.

Charles Nutter is general manager. He was once chief of the London bureau of the Associated Press. One phase of his job is to keep an eye on international affairs for the guidance of International House. Vaughn Bryant, as publicity chief, publishes *Trade Winds*.

Always the emphasis is on friendship. On one recent rainy morning the first comers at International House found a disconsolate young woman from one of the Latin American countries. She was soaked, hungry, she spoke no English, and she had not the remotest idea how she could convert her credits into cash. No one said to her:

"Be on your way. This is no Travelers Aid—."

All she wanted was a room in a hotel, some money from the bank, a breakfast, and to know the whereabouts of her husband.

"They say you find these things for me," she said confidently.

They did.

Senor X. cashed in a winning lottery ticket somewhere south and headed for International House. He wanted to see the great Republic of the North, with a vague idea of staying here if he liked us. Now he is a student and will one day be a professional man.

A sugar refiner wanted to learn our methods of making sugar and, being handicapped by a total lack of English, came confidently to International House. A fellow countryman who was interested in the same thing and had plenty of English was found for him as a traveling companion.

Arrangements were made for a young Brazilian doctor to come to the United States to study plastic surgery on a scholarship.

Actions make friends

NOT a penny in items of this sort for the International House, but they do make friends.

Away back yonder in this article it was suggested that International House is in fact a product of civic combustion.

No one at International House would say:

"See! We are the bellwethers. We lead the way."

No one would even simper. The fact remains that, as and when the International House project began to flex its muscles, several

other operations were doing the same thing. Each appears to be more or less closely related to International House, even if only related by marriage. Almost across the way the Trade Mart is being built. It is to be a five-story, windowless, proud showplace in which merchants from anywhere in the world may show samples.

Mayor "Chep" Morrison—de Lesseps Story Morrison, if you must be formal—had something to do with the first chapters of the International House story. The city gave \$5,000 toward it and the state \$10,000 as gestures of good will. All the other money came from private pockets. Morrison noted that a resident representative of the federal Department of State had his office in International House and works closely with the staff to facilitate foreign business. Today the mayor has his own department of foreign relations with unofficial and unpaid but highly documented and decorated ambassadors in the various states of Latin America.

City is represented

THE New Orleans Traffic and Transportation Bureau "represents the city, port, commercial and shipping interests in all transportation matters." A foreign trade zone is now in operation, a system of superhighways into the city has been provided for, the Board of Army Engineers is examining a proposed 70 mile deepwater channel to the Gulf of Mexico, and Greater New Orleans, Inc., is a business cooperative formed to boost the city's advantages all over the world.

William Trauth is one of the founders of International House and an executive of the Alcoa Steamship Lines. When the doors were first opened he found himself on occasion looking into a cynical Latin-American eye. Not everyone south of the border loved us like a brother the past few decades.

We made too few efforts to get on really good terms, according to frequent testimony.

Compared to other nations, such as the Germans and the British, we were not only in the doghouse but it was our own doghouse and we carefully erected it on the public square. International House is one of several efforts to erase the bad impression we made in blundering innocence.

"Good business," said Mr. Trauth, "does not mean a dollar on the line every time. If we can get our friends to thinking how pleasant it is to know us, we're doing ourselves a favor."

They Turn Problems into Money

(Continued from page 40)

the fourth group, the federal government agencies such as the National Bureau of Standards.

All of these four groups may at times do work for both large and small business, with the independent commercial laboratories perhaps handling the bulk of the research projects for small business.

Among the scores of commercial laboratories which have small firms among their clients are such representative New York concerns as Lucius Pitkin, Inc.; Sam Tour and Company, Inc., and Foster D. Snell, Inc.; the Commonwealth Engineering Company of Dayton, Ohio; the James H. Herron Company of Cleveland; United States Testing Company of Hoboken, N. J., and the Esselen Research Corporation of Boston.

Small firms are learning

SOME of these firms say their work with small concerns represents as much as 50 per cent of their business, others say less. There are a few who say more. All of them, however, agree that a greater amount of work could be handled if more small business men became aware of the technical training, skill and mechanical equipment that is available to them.

Of the approximately 200,000 manufacturing establishments in the country, it is estimated that only about 2,000 have any research facilities of their own. Commercial laboratory people say that research can no longer be regarded as a luxury which small business cannot afford. Indeed, say members of the American Council of Commercial Laboratories, research is an investment—and a mighty profitable one which small business cannot afford to disregard. They prefer to have a business man consider money set aside for research as an investment, and that such funds therefore be held in the same light as other investments, with the same probability of a return. The material gain, they explain, actually may be a year or more in coming.

Research, these people add, may be considered as insurance as well as an investment. They point out that insurance of top quality in a product by continuous research insures continuance of and increase of markets for the product.

In the field of shipping, only one line in the United States is said to have its own research facilities—United Fruit Company. One commercial laboratory in New York alone does work for 72 lines, covering such projects as boiler water conditioning for scale and corrosion prevention, supervision of drinking water tanks and health and explosion hazards.

Yet, despite a comparative reluctance on the part of many firms to go in for research, the subject is not new to some of the older and more established companies. The Missouri Pacific Railroad is a good illustration of a line that long has gone in for research. Back in 1922 the M.P. started using creosoted ties on some parts of its line. In 1946, with practically all of its ties so treated, renewals per mile were down almost 50 per cent from the 1922 total. If, through scientific research, a preservative had not been found to extend the life of ties, the road estimates that its tie bill would have been \$6,620,000, instead of half that amount.

Awareness of the value of research enabled a Chicago concern manufacturing vitamins and pharmaceutical products to increase its business by 6,600 per cent from an approximate \$15,000 of a few years ago.

The concern took in a new partner who had formerly been with a larger company. The partner brought with him the larger company's progressive ideas, one of which emphasized the value of continuous research. He found that

his new firm had been spending from three to four per cent of its budget for research, and immediately hiked this to about 30 per cent. The research covered the entire plant and particularly its key product—a vitamin preparation. Medical and chemical research specialists called in to study this product discovered that it had other valuable properties which had gone completely unnoticed.

The firm's attention was called to this fact and an advertising campaign pointing out these newly found properties was launched. Sales began to increase. From a modest beginning came success that has continued until the firm now rates in the \$1,000,000 class. Much of this increase quite properly must be attributed to a progressive-minded management, plus the drawing power of advertising, but, nonetheless, it all started with independent, outside research.

New business launched

THERE is the case of a commercial laboratory actually putting a man into business for himself as the result of an idea and the direct application of research to that idea. One day a Midwest advertising man walked into a research laboratory and said that he had been wondering about a fluid that would leave a plastic-like finish on a car. All he had was the idea.

The research people thought that the idea had some merit and said they would see what could be done. The advertising man, it should be pointed out, had sufficient capital to get the project under way. To bring the story to a quick head, the laboratory produced a fluid that had the properties dreamed of by the ad man. The formula was turned over to him and before long a manufacturing chemist was producing the fluid in quantity. The next step was the bottling and it now may be found on sale around the country.

Every project is not such an overnight proposition. As most research men are quick to explain, many programs take several years to be translated into production. The reward of a successful research program, however, is leadership in the industry.

Many research men take the acceptance of their service by increasing numbers of business firms as an augury of better things for Americans. For years the multi-million-dollar corporations have known of and have used the services of researchers, including the independent commercial laboratories along with their own depart-



ments. More recent months have seen more of the so-called little fellows doing the same thing.

There is the recent instance of a small button manufacturer who found himself faced with a problem that might have been ruinous to a less farsighted executive.

His chief product is plastic buttons. The buttons were coming out of the molds with rough edges that required hand-finishing before they could be shipped out to buyers. Each button required such treatment, resulting in what was thought to be an unavoidable slowdown in production, not to mention a heavier payroll due to the necessity of hiring people to do the polishing. The manufacturer lacked research facilities of his own to tackle the problem. The answer was to look outside his plant.

The owner contacted a chemical and metallurgical engineer and explained his problem. The engineer sent a member of his firm to the plant to determine what might be done. When he left he took with him several thousand buttons. His problem on the surface was a simple one: Find a way to get the rough edges off the buttons without using the bothersome hand method.

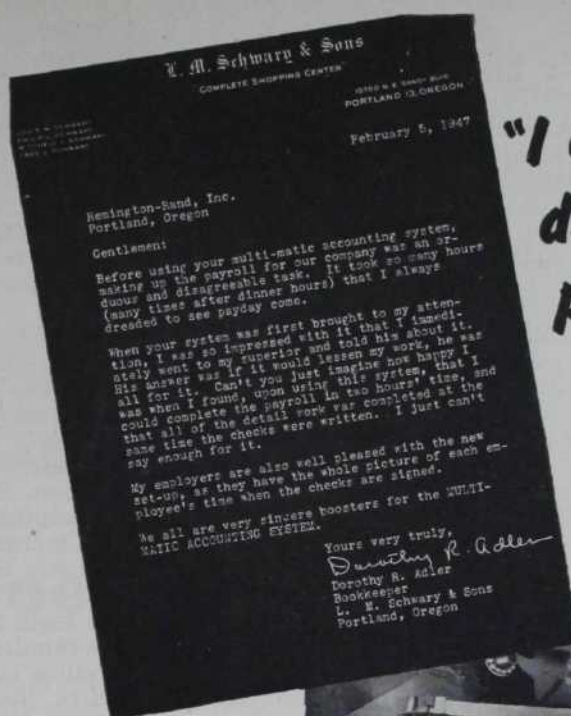
His action was to construct a metal drum to be revolved over a heated container filled with a solvent. As the solvent was heated a vapor was given off. The buttons were dumped into the drum and the device set in motion. After an interval the buttons were examined. It was found, as had been anticipated, that the vapor had washed off the rough edges, leaving the buttons smooth and in the same condition as those that previously had been hand polished.

Business barrier removed

THE cost of making the drum was only a few hundred dollars. The laboratory's fee likewise was reasonable. The installation of the drum required a minimum of plant rearrangement.

The result was an increase in production and a satisfied client for the research engineer. The latter pointed out that it was just a case of a laboratory possessing a technical knowledge dealing with plastics and having the equipment to lick a problem that was threatening a business firm.

Actually, it was purely a case of another laboratory doing a job that several hundred others likewise are capable of doing, every day in the year, in the steady drive to keep this country on top of the world in an industrial way.



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dreaded
payday"**



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Industry's Leaders of Tomorrow

(Continued from page 49)

summary, operations report and balance sheets, and submits a report to stockholders. District units even send delegates to an annual business convention usually in midsummer when school is out. The convention site is likely to be the lodge or estate of some adult who is interested in the movement.

Each new JA corporation pays \$4 annual registration fee in lieu of the taxes an adult corporation would have to pay. For this it gets an official record system, the stock certificates and a subscription to *Achievement*, a monthly magazine.

A few have graduated from Junior Achievement corporations into full-fledged adult business firms. Miss Shirley Rappelt of Chicago, and eight or nine other girls who work for her, net around \$1,200 a month with their *Hi Shopper* publication which started as a JA venture. *Hi Shopper* is a four-page tabloid written exclusively for teen-agers. It has reporters in all Chicago high schools and keeps tabs on teen-age preferences in styles, customs, music and general entertainment. It is done as an insert for the adult *Downtown Shopping News* and has a circulation of more than 800,000.

Avoids adult fields

THE parent body has nothing to do with JA members who branch out into the adult competitive field. "That was never our idea," Mr. Tamblin says. "We simply try to educate our members in business fundamentals."

It is a matter of record, too, that the majority of JA members, when they are through with their flyers into corporate fields, go on into college. Some pass up college and go to work. Their JA experience invariably lands them better jobs than they could have obtained had they lacked this training. *Achievement* magazine tells of instances where boys or girls have submitted their JA record books to prospective employers as the best recommendation they could bring.

The midget corporations, it turns out, run into pretty much the same problems as adult firms do. Millwood Products Company, a JA outfit in Glen Ridge, N. J.,

tried to sell something new in house fire-alarm systems—wired electrical cable with heat-sensitive intervals set ten feet apart, fixed to touch off a gong when the temperature rose above 150 degrees Fahrenheit. A door-to-door sales campaign was useless.

"We found," says Charley Slack, who ran the firm, "that householders didn't cotton to the idea of a gang of 16 year olds like us messing around with their wiring."

Charley then hit on the idea of giving a mass demonstration. He attracted a large but skeptical group of men and women, including the mayor and fire chief. He explained in the sales talk that 70 per cent of all house fires seem to start on lower floors while families are asleep, and that families are often trapped in upstairs bedrooms.

Then he had his staff subject the sensitive trippers to a heat test. The trippers responded and the gong rang. The mayor signed for an installation at \$12.50. So did a score of Glen Ridge matrons and their husbands. Millwood Products showed a neat dividend and, greatest triumph of all—the insurance companies reduced the cost on fire insurance premiums in homes equipped with the kids' "Fire Warner."

Successful business men were openly impressed when young Slack described his sales and production methods at a meeting not long afterward. He was booked for similar talks before other business men in various parts of the country. JA won a lot of new converts through his talks.

JA corporations are engaged in a

swarm of varied industries. Roughly 18 per cent of the JA corporations now in business make wood products—toys, racks, signs and an endless variety of wooden gadgets. About nine per cent, the next largest category, are in commercial photography or some allied work. Eight per cent work with plastics—make plastic dog leashes, tobacco pouches, shelf paper, poker chips and the like.

Another seven per cent make chemical products—fly spray, shoe polish, hand lotion. Seven per cent are in novelties, six per cent in radio, and another seven per cent are in general entertainment—run coke bars, swing bands, little shows. Seven per cent get out weekly or monthly publications, mostly for their own age groups. There is scarcely a field in which they have not ventured.

Many girls join

ABOUT 45 per cent of all JA members are girls, reflecting the distaff side's increasing interest in industry and economics since the war. Experiment has established that children between 16 and 17 are just ripe for JA education. Children under 15 do not seem quite ready to grasp the idea behind the movement.

The business casualty rate in JA is a fair reflection of the casualty rate in adult enterprise. The JA statistics show that about 90 per cent of all new ventures started by adults are due for failure within two years. In JA the figures run like this: ten per cent fail in the first five months. Forty per cent complete the first year in debt. About 20 per cent just about break even. Of the total only around 30 per cent reach the dividend stage.

The failures do not dismay the sponsors of JA. "The men behind this idea," Mr. Tamblin says, "feel that there is an important lesson even for those who do lose money with their little corporations. They have learned the ropes, and in most cases they can trace the moves or mistakes that put them in the red. That's part of their education, just as success would be."

Horace Moses, who launched JA, died last April the day after his eighty-fifth birthday. He lived long enough, however, to see that the seed he had planted was bearing good fruit. His faith was attested in his will. He left \$100,000 to continue Junior Achievement.





Uncle Sam Goes Calling

IF YOU should get a callback on that income tax return you are rushing through to beat the March 15 deadline, don't get excited.

A personal visit from one of the Internal Revenue Bureau's agents doesn't mean he doubts your honesty or arithmetic. As a matter of fact, he won't even have your return in his pocket and will have to borrow your copy.

Starting from scratch, he will go over with you each item, asking a question here, requesting detailed information there, and making notes as he goes along. When he's through, he will bid you good-by.

The agent's visit is part of Uncle Sam's newest technique for assuring everyone equal opportunity to share the nation's tax bill.

Tried out experimentally in selected areas last year, it produced such good results that henceforth it will become a common practice. Here's how it works:

Wheat farmers generally had a good year in 1946. Last summer, the Bureau's district office in Kansas selected a certain area to make a sampling of returns. Mobilizing some 125 agents, all from the district so that they would be familiar with local farm conditions, a ten-day campaign was staged.

Picking out wheat farmers' returns from the bulging files and arranging them in geographical order would have taken a lot of time. Personal contact was decided on. Road by road and farm by farm, agents covered the area, asking to see copies of income tax returns.

In a very few cases, no return at all had been made. Some farmers had never made a return before and didn't know much about it. Others hadn't made one out for

years. The agents were most helpful. They were so helpful, in fact, that their ten days' work netted \$5,000,000 in additional taxes for the Treasury's coffers.

A district office in New England made a similar sampling test of the fishing industry. After one fisherman in Gloucester, Mass., paid fines and penalties aggregating \$73,000, the office was flooded with returns and amended returns.

While the tests showed more impressive results among individuals in the larger income brackets, a sampling of the returns of taxi drivers in Washington, D. C., and of waiters in a large west coast city, helped increase the total additional taxes assessed from auditing and investigation last year to a record \$1,928,000,000.

This new technique, Bureau officials explain, will be used in areas and in lines of business or professions that show most promise.

The old, time-tested methods are by no means being abandoned. Each return will still be checked in the regional office. If your income is more than \$7,000 it still goes to Washington for study by a staff of experts.

The new technique is above and beyond the agent's former call of duty. So, if he calls on you, invite him in and show him the works, or the books.

Whatever the occasion for his visit, he's giving the neighbors, or your business, professional or trade associates, the same treatment. All he wants to do is to see that as many persons as possible render unto Uncle Sam that which is Uncle Sam's, in accordance with the provisions of the Internal Revenue Code.—BEN H. PEARSE

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Collegiate Smithies

SO NOW there's a shortage of something else—village smithies, of all things.

It's so acute that Michigan State College has opened a course in blacksmithing and the Horse and Mule Association of America is seeking to have an institution of higher learning in New Jersey follow suit.



There's quite a bit of change to be picked up these days being a blacksmith, it seems. Wayne Dismore, association secretary, says \$6,000 to \$8,000 a year anyway. Which is an amount that would make the old village smith of Longfellow's day just about bust an anvil.

There's another difference between Longfellow's smith and the modern one. Today's smith doesn't stand under a chestnut tree. He puts his forge and anvil in a trailer and travels from farm to farm.

There's one thing, though, that the modern blacksmith has to have in common with the old ones. He has to be a mighty man. It takes a fair amount of muscle to do anvil pounding and a few students at Michigan State have found the going too rugged. So from now on the college probably will require that would-be smiths bring a report from a doctor.

Michigan State's course lasts 12 weeks. The student works six days a week learning the anatomy of a horse's foot as well as how to shape the iron shoes.

Though blacksmiths seldom shoe fewer than four or five horses a day, and sometimes as many as 14 or 15, at \$5 a horse that's not, to use the vernacular, hay.

The Horse and Mule Association, alarmed at the disappearing blacksmith, is offering \$1,500 in scholarships to induce young men to enter this venerable profession.

And what does it take to become a good smith? Mostly, according to the association, just good old horse sense.—HAROLD HELFER

Can We Learn to Be Customers?

(Continued from page 38)

sighted people" wanted a lot of European vintages brought in. He quoted a manufacturer of sweet wine who reasoned that, if sweet wines were imported, America might develop a taste for them, thus developing a market for his better product.

If a discussion of tariffs can bring on this kind of argument when European production is at today's low level, it is easy to foresee what tumult could arise when Europe—restored to the level of production contemplated in the Marshall plan—begins to export, as she will have to export to live.

How great those exports will be is a matter of conjecture but some signposts are clear.

Although the war changed many things, it did not alter basic patterns of commerce. Traditionally, Europe has made a living by trading. The Continent has accounted for more than half of the world's foreign trade. Further, an average of 45 per cent of its imports and 35 per cent of its exports were with outside nations. It is reasonably certain that these percentages repre-

sent a minimum for her proposed increased production.

Today the necessity for expanded output is between the lines of every news story coming out of Europe. Production in Sweden, Denmark, Great Britain and Norway is now above 1938 indexes. France, Belgium, and the Netherlands are producing respectively at 94 per cent,



It could be that foreign-made dolls and toys will pour into this country

86 per cent, and 95 per cent of prewar. Even the Italian output has reached 61 per cent. Despite this remarkable comeback, western Europe is in the grip of crisis.

Population shifts and the human habit of procreation have upped the number of people to be supplied. Plant and equipment must be revamped. Germany is a near-vacuum instead of a producer and a market.

Outside sources of revenue have dried up. During the war, for example, Britain and France were forced into heavy liquidation of their U. S. securities. To the British alone, this represents a loss of income of more than \$600,000,000 annually. Holland may have to write off the rich territory of Indonesia.

The countries of Europe have to generate sufficient exports to do a fourfold job:

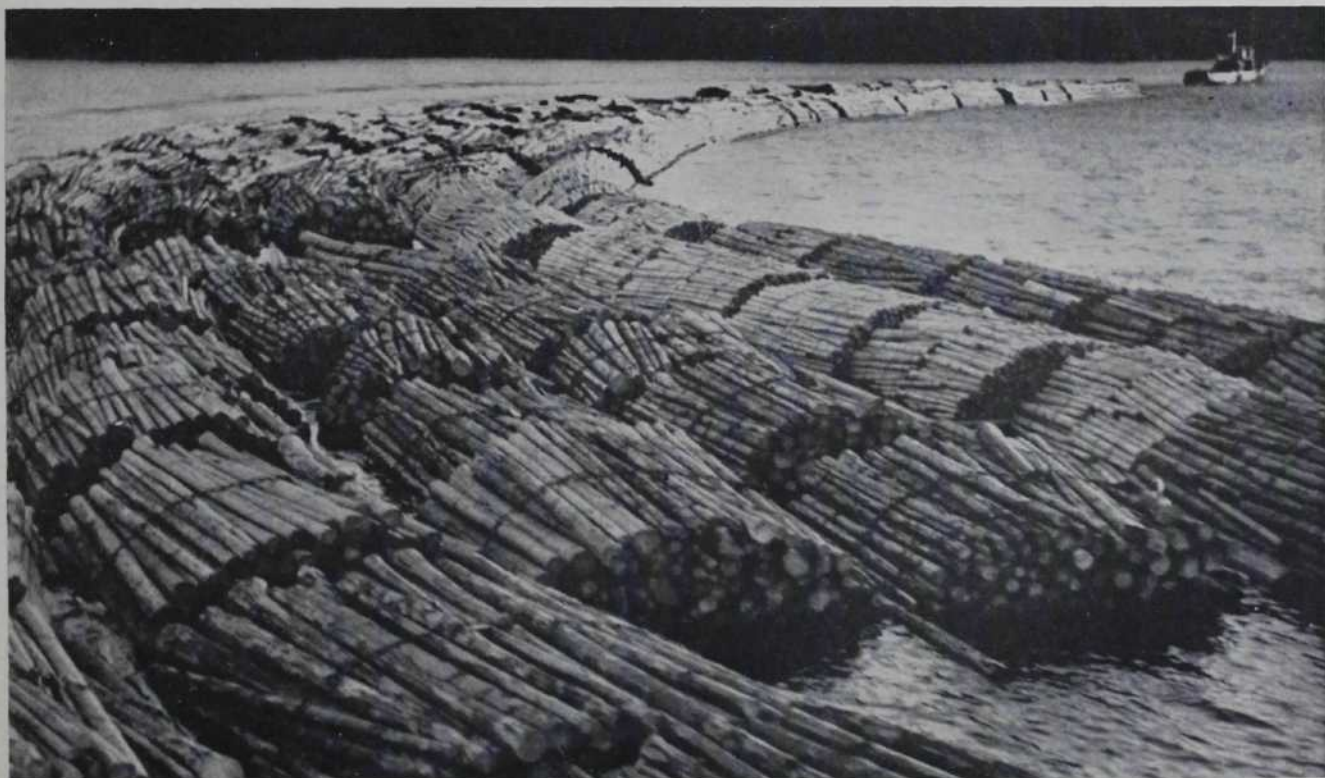
They must end a small but troublesome prewar import surplus;

They have increased import needs to pay for;

They must compensate for war-losses of securities and territories; and

They have to service their dollar debt.

Assume that these things can be done and that currency is stable. Assume that there are the exports to carry the load, provided a purchaser can be



SCHNEIDER FROM BLACK STAR

Norway will still offer us pulpwood. The war did not alter basic patterns of commerce

Learn to recognize ...



If you detect any of the following symptoms, see your doctor at once!

It may not mean cancer, but if it should, remember that most cases can be cured if treated in time.

1. Any sore that does not heal, particularly about tongue, mouth or lips.
2. A painless lump or thickening, especially in the breast, lip or tongue.
3. Progressive change in the color or size of a wart, mole or birthmark.
4. Persistent indigestion.
5. Persistent hoarseness, unexplained cough, or difficulty in swallowing.
6. Bloody discharge from the nipple or irregular bleeding from any of the natural body openings.
7. Any change in the normal bowel habits.



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found. The purchaser who has the vital dollars is necessarily and preponderantly the United States.

As previously pointed out, we have a selfish financial stake in buying. But that isn't all. World politics have been injected into the foreign trade picture. On the other side of the struggling nations of western Europe is Russia. If, for one reason or another, the continental apple cart is upset, there is widespread suspicion that Uncle Joe would be right over with his basket to gather in the spilled fruit.

What must we buy abroad?

LOOKING at the problem from the American angle, just how much will we have to import to get our investment back? It figures like this:

Set the sights for an adverse trade balance of \$700,000,000.

For the past two years, U. S. exports have been running at the extraordinary annual rate of roughly \$18,000,000,000. Foreign trade analysts are leery about forecasting what will be a normal level for the 1950's. Several have set the figure at \$8,000,000,000 to \$10,000,000,000—and then called it a guess, the accuracy of which depends on such unpredictable factors as the level of U. S. prices at the time, the tariff level, and world conditions.

The significant item is that our current imports are considerably less than half our exports. Closing that gap is the problem.

While most economists shudder at fixing any figures for 1952 and beyond, there are some general items which can be estimated which could materially cut into our "export surplus." For example, if the goods were available we would and should be importing far more than we are.

Our current index of production, according to Department of Commerce figures, is 93 per cent above the base period of 1935-38. Imports have increased less than ten per cent by volume. Without any change in our import habits or in duty schedules, such a jump in national income and buying power would normally be reflected by \$3,000,000,000 more imports. The Geneva tariffs might up that figure. We are forced to do without these goods and products because the regular producers aren't producing.

A second huge potential U. S. "import" which is currently below par is foreign travel. With a lusty business boom here in the U. S., revival of touring abroad would produce substantial dollar

revenues for nations in the Marshall plan and others. Projecting present conditions ahead into the '50's, \$750,000,000 a year would be a conservative total—with peaks tripling that figure not at all out of the question.

Much will depend on the selling job the Europeans do. They are subtle and alert salesmen, but they'll be competing with awakened Caribbean and Latin areas, some of whom have the advantage of being close and who have color all their own. The Continent also has to contend with the travel allure of several Pacific playlands to which hundreds of thousands of Americans got a war introduction. Many veterans are tinkering with the idea of paying a return visit to New Zealand and Australia. Also, 48 U. S. states will be advising the traveler to see America first.

Travel people admit that the competition will be stiff, but they expect the stream of outward-bound tourists to top the '29 figures and that as usual a goodly proportion will head for Europe.

Stockpiling authorized

ABOUT the only new and sure European exports which will be welcomed here by all hands, and where a measure of the necessary production is assured, are the strategic materials under European control. The U. S. Government has already authorized \$275,000,000 annually for the stockpiling of these, but to date the intake has been negligible.

There is plenty of bauxite in the Guineas and the Netherlands Indies, cobalt in the Belgian Congo and Rhodesia. The latter, as well as New Caledonia, also has metallurgical chromite available if a transport bottleneck can be broken. British-owned mines in Burma have ample lead, as have Morocco and Tunisia. There is manganese on the Gold Coast.

The Harriman report lists 47 such raw materials as present in commercial quantities. The report states that with a comparatively small increase in output, which would still mean a production level below the war's highest, we could get \$250,000,000 worth of these essentials annually. As such, it would mean a net export gain, in dollars, of that amount for Europe.

There are a few other "new" imports—but minor in size. A good many students may matriculate at Oxford or the Sorbonne under the G. I. bill educational provisions. The War Surplus scholarships over a period of years may reach \$400,000,000. If we relax immigration

quotas, remittances to relatives left behind may approach the figures reached in the early part of the century. In another direction, it has been suggested that, at a later date, we can be reimbursed in kind for present oil exports from Middle Eastern wells. But the total of all these is unimpressive.

Actually, much of the increase in imports we'll need to absorb will be in the traditional categories—many of which compete directly with domestic products.

European war production spawned few new products or processes. Europe must rely on the same old goods. The British are getting publicity out of displaying \$18,000 Rolls Royces in New York showrooms, and by this device are re-emphasizing the prewar sales point of quality craftsmanship. They're preparing the way for fine cutlery, high-grade woollens and textiles, the leather goods and aged Scotch whisky which for decades have been their stock in trade.

The French are similarly placed. They have advertised watches, radios and some other products to which the "made in France" stamp is new, but basically they must turn to their old dependables. France's trade balance will, as always, be plumped out with Chanel #5, Mumm's and Veuve Clicquot, the familiar cognacs, Lyons lace, Sevres china, fine gloves, and gowns "direct from Paris."

Old items on hand

FOR Norway, Sweden and Denmark, as well as Portugal, Italy, Belgium, Holland, Greece and the rest, the goods they offer will be the old friends to which the U. S. buyer has been long accustomed—sardines, pulpwood, newsprint, milk glass, pottery, tulip bulbs, bentwood furniture, carved wooden knickknacks, olive oil.

With some exceptions, all have their U. S. prototype, whose maker feels, justly or unjustly, that he has a prior lien on the American purse.

However, it can be said—with reasonable certainty—that under optimum conditions, America can take in the imports needed to give us an "adverse balance" and be the healthier for it.

We can be sure that it will be rugged going with plenty of opportunities to take an expensive fall along the way.

The intangible rewards will be more than worth what we put in and, in addition, we'll get a bonus of most, and perhaps all, our money back. But it's going to take some doing!



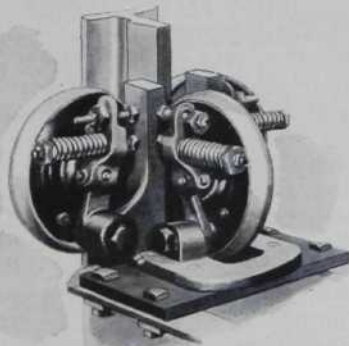
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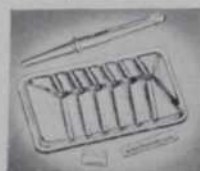
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Reading for Pleasure or Profit...

"Your Newspaper"

By the Nieman Fellows

SINCE 1920 some Americans seem to have lost respect for the nation's press. They no longer trust its guidance on public issues. Roosevelt, for example, was re-elected repeatedly, when approximately 85 per cent of the newspapers opposed him. What has caused this rift between press and public?

Nine experienced journalists, who met as Nieman Fellows in journalism at Harvard, study the problem and suggest solutions in "Your Newspaper" (Macmillan, 60 5th Avenue, New York; \$2.75).

A gross error among publishers, they suggest, is to underestimate their readers' seriousness and intelligence. The quota of newspaper columns allotted to news has steadily declined, while more space and greater ingenuity are given to the newspaper as escape entertainment—comic strips and gossip columns.

Reporting, these journalists charge, is too often both trivial and stuffy: trivial because it consists of disconnected flashes, which don't reveal the meaningful context of the news, stuffy because of the newspaper fetish of "objectivity," which requires that a news story present contradictory points of view without relevant comment, so that the reader is confused and at last bored.

Scoring the average newspaper for its distortion of the news (as with Russia), its inflation of minor scandals (as with Langley Collier), its damp religious page and bird-brained music critic, these lively writers end with a prescription which could make the press a more responsible leader of public opinion.

"The Meaning of Treason"

By Rebecca West

MORE journalists should resemble Rebecca West. She has achieved a work of art in this report on the trial of England's traitors.

"The Meaning of Treason" (Viking, 18 East 48th Street, New York; \$3.50) is masterful as courtroom reporting. Someone mentioned hanging, and Miss West noticed that William Joyce involuntarily put his hand to his throat. Joyce was shortly to hang for his radical and diseased patriotism, a patriotism which made him insist on singing the British anthem at the end of every social evening and led him, later, to broadcast from Berlin as Lord Haw-Haw.



"The Meaning of Treason" makes dramatic, too, the trial of John Amery, unhappy son of a respected statesman, who reduced the family fortune in swank hotels and motor wrecks, and finally organized a "British Free Corps"

for the Nazis. Miss West describes as well the minor traitors, many of them children, who were like bewildered little dogs on the street at dusk, ready to follow anyone offering food and comfort.

In William Joyce Miss West sees the type of the modern revolutionist, the man who has never grown up. The revolutionist, she says, is forever filled with the violent joys and disappointments which possess a child, before experience has taught him that few things last for long.

In all the traitors, Miss West sees the effect of a modern world which has destroyed loyalties with science, a world which is preparing to substitute the child psychologist for the family.

"Man for Himself"

By Erich Fromm

MODERN psychology has indeed undermined old loyalties and traditional ethics. Freud, founder of psychoanalysis, attacked moral prohibitions because he found they were often responsible for mental disease. Now Erich Fromm, in "Man for Himself" (Rinehart, 232 Madison Avenue, New York; \$3), seeks to re-establish a system of

morals, with the support of scientific psychiatry.

Like Freud, Dr. Fromm opposes "authoritarian" morals, the "do's" and "don't's" imposed from on high by parents, church and state, which fill men with guilt and fear. But this does not mean, he says, that psychiatry is at war with ethics. In fact clinical experience shows that "mental health" coincides with "virtue."

Psychiatrists, Dr. Fromm says, try to give man a proper respect for himself, a self-love which is the reverse of selfishness. They have found scientifically, as the Bible suggests, that we love others only as much as we truly love ourselves.

Dr. Fromm's book is interesting because it presents a first step toward a scientific basis for morality.

"Witchcraft in England"

By Christina Hole

THIS history of the black arts is delightful as light reading. It recalls, too, the strange and serious part which witchcraft has played until recently in man's affairs.

Witches, the book explains, were of several kinds. There were the pseudoscientific witches, practical, mistaken and often good-hearted, who tried to regulate nature by magic. Other witches had a religious purpose; their secret rites celebrated the old pagan gods which Christianity had driven underground. Only a few witches really worshipped Satan.

Unreal as witchcraft was, people's credulity made it powerful. Men died because they knew they were under an evil spell. Some witches, because they believed in their satanic skills, were actually as evil as they pretended to be. "Witchcraft in England" (Scribner, 597 5th Avenue, New York; \$3) gives you an odd second look at the human mind.

"So Evil My Love"

By Joseph Shearing

A MASTERLY reconstructor of old crimes, Joseph Shearing shows us here how a small seed of evil, hidden in the heart of a drab widow, blossoms into malignant growth. Olivia Sacret, through possession of indiscreet letters, moves into the luxurious home of a weak and simple friend. Under the skilled direction of a sinister painter, she is led to blackmail, perjury, murder and, at the end, a bitter revenge. The last pages of "So Evil My Love" (Harper, 49 East 33rd Street, New York; \$2.50) reach a climax of remarkable intensity and horror.

—BART BARBER



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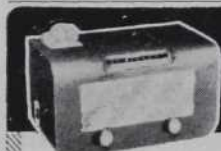


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Odd Lots

By Reynolds Girdler

Bread and Margins

EMIL SCHRAM, president of the New York Stock Exchange, shoved the Federal Reserve Board another foot or so out on the end of the limb. Shrewdly, Schram seized on Commodity Exchange Administrator Mehl's claim that high margins on listed securities had forced speculative money away from the Stock Exchange and into the commodity markets, where the people's bread is priced. Schram had been making the same point for a long time. A few more links to bind the Reserve Board to high bread prices, and 100 per cent margins will go the way of all politically unpopular measures. Then volume will pick up on the Stock Exchange.

★ ★ ★ ★ ★

World's Biggest Market

THE world's biggest securities market is not the New York Stock Exchange or the Curb Exchange. It is the over-the-counter market, where some 10,000 bond and 25,000 stock issues are bought and sold.

The supercharged men who buy and sell these securities over telephones and teletypes are known as traders. And one of the most notable of all over-the-counter traders is John J. O'Kane, Jr., newly elected president of the Security Traders Association of New York.

Like many another old-timer, O'Kane sighs for the good old days of the late 1920's. Then there was a splendid excitement about the unlisted market. This was caused chiefly by public interest in bank and insurance stocks. It was a miniature Tulip Mania, with the

signal lights on the telephone boards aglow from ten in the morning until five at night.

"I've made \$1,000,000 in Wall Street," one head of an over-the-counter house then bragged to his friends. "No you haven't, Bill," was the reply. "Wall Street's just lent you that money; it'll take it back some day." And so it proved.

O'Kane kept his firm on steady ground in those days, and recently got his reward. He was able to celebrate the twenty-fifth anniversary of his firm with the announcement "Same firm, same partners, same address." Not even the Morgans can make that statement.

Though some of the glory has departed, the over-the-counter market has its moments. It gets first crack at new securities after they are first issued. It seasons them market-wise, then painfully sees them depart for the Curb or the big board, taking commissions with them. One of O'Kane's big jobs as head of the largest division of the unlisted market will be to keep as many good securities there as possible.

O'Kane likes to point out that his market boasts the price-aristocrat of all stocks. This is Group No. One Oil Co., whose common shares sell for around \$3,000 each.

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Flying Bankers

WONDROUS are the ways of the airplane. They have so shortened the distance between Europe and America that now European bankers are dropping in on Wall Street in beavies, coveys and swarms. This has created something of a prob-

lem in hospitality. One New York bank has outfitted an entire office for the convenience of its European visitors. Complete with desks, telephones and pretty secretaries, the office is in constant use. At last report, there were even some foreign bankers hanging patiently on the waiting list.

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Gentleman, Be Seated

LAST year 57 men who had never before owned a seat on the New York Stock Exchange went through the ordeal of joining the world's most exclusive club. Just how do you buy a seat on the Exchange? (Last 1947 sale: \$58,000.)

It isn't easy, but it's just about what you would expect. A record of any seat that is for sale, together with the price, is on file with John Korn, secretary of the Exchange. The candidate goes to Korn to find out the lowest price available. If the price tempts him, he must put up 20 per cent of the purchase price in cash, which is then held in custody.

Then the investigation process begins. The candidate first appears before the Committee on Admissions, all of whom are on the Board of Governors. He comes to this meeting accompanied by the two Exchange members required to sponsor him. There he undergoes a long looking-over and questioning process. Many of the questions are directed at finding out how much he knows about the security business. Others are aimed to uncover leads that later investigators can follow.

The Committee's probe and the entire process is directed toward establishing the candidate's character, financial responsibility, business intent, and business ability. The Exchange wants all its memberships held by people actively practicing the securities business. Years ago the elder John D. Rockefeller bought a seat which is still in the Rockefeller family. But the present owner is primarily in the securities business and only secondarily in oil.

Investigators then go back into the candidate's past history, his standing in the community of which he is a part. If every check is satisfactory, he is voted in. At this time he must put up the entire purchase price of the seat, together with \$4,000 as a transfer fee. This sum goes as a capital contribution to the Exchange itself.

Once admitted, the new member is welcomed by Robert P. Boylan, chairman of the Board of Gov-

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ernors. Then he is free to make his first appearance on the floor, where, for a few days, he undergoes a good-natured new-boy hazing from the old members.

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We Disaffiliate

OF LATE, the labor movement in Wall Street has struck some snags. Some of the CIO unions in certain banks have folded. Their former members have disaffiliated themselves, in the language of John L. Lewis, from their organizers. The explanation: the Wall Street workers have not been too happy about some of the tactics and ideologies of the organizers.

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Steel for Studebaker

BY NOW it's a legend in Wall Street, often recalled in after-hours: how Clarence Dillon once introduced the late Walter Chrysler at a dinner as "the world's greatest salesman," and how Chrysler, rising to his feet, gave the palm back to Dillon. "For after all," said Chrysler, "Clarence Dillon sold me the Dodge Motor Car Company."

Apocryphal or not, the story was revived the other day when it was learned that the Studebaker Corporation had bought Empire Steel. The deal, which assured a steel supply to the automobile company, was largely the work of Sam Magid of Wall Street's Hill, Thompson & Co.

Magid's interest in Empire dates back to around 1937, when the six per cent first mortgage bonds of Empire were dragging in the low 40's. The bonds were due in 1943, there was no hope the company could meet its maturity date, nor was its credit good enough to permit refunding the debt.

So Magid went to work. He set his organization to selling to the bond holders the idea of extending the maturity date. Many balked; for these, Magid found new buyers. Thus Empire got a breathing spell. With the war came prosperity for Empire. The company paid off its bonds with a bank loan, then repaid the loan.

But Empire was still a marginal producer, prosperous only because of the unusual times. It needed \$10,000,000 for modernization. So Magid went out to find someone who needed steel as much as Empire needed modernization. He developed a number of prospects, finally decided Studebaker's offer was best. Studebaker also agreed to

modernize the Empire properties and maintain Empire as a going concern.

So, for some 800 stockholders, Magid got \$63 a share for stock that only a few years ago was selling at \$2; he got a source of steel supply for Studebaker; Empire employes could look ahead to working for a company with improved competitive position, and Mansfield, Ohio, gets a revitalized local industry. Thus Wall Street continues its social and economic contributions as a by-product of its ideas and its labor.

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A Bell-Ringer

BIG investment bankers looked on with admiration while AT&T sold \$345,000,000 of convertible bonds to its own shareholders. Of course, the company paid the equivalent of an underwriting fee in the terms it gave its shareholders. For those terms were, by any reckoning, a bargain. They had to be to make the offering a success. Still, \$345,000,000 is a lot of money. It probably is more, as a matter of fact, than any banking syndicate could swing in an underwriting. Underwriting capital is not what it once was. Taxes and the banking act of 1934 have seen to that.

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It Might Have Been

WALL STREET plays a sad little game when times are dull. It might be called "it might have been." You play it by figuring the money you would have made had you bought some certain stock a while back. For instance, North American Utilities Securities common. In 1942 this stock sold at one thirty-second of a point. Not so long ago it was 8. So a gamble of \$100 in 1942 would have given you 3,200 shares, which could have been sold for \$25,600 about five years later.

Then there's Mesabi Iron common which sold as low as eleven-sixteenths in 1942; as high as 11 in 1946. From low to high a gamble of \$100 would have brought you \$2,595. The convertible debentures of Philadelphia & Reading Coal & Iron Co. sold as low as \$25 for a \$1,000 face value bond. Later, securities received for these debentures were worth \$375 per \$25 investment.

Such whimsical speculation is heady stuff. Fact is, the man is yet to be found who bought at the absolute low and sold at the absolute high.



Grandma knew all about combustion...

"A CLEAN LAMP burns brightly," that was enough for Grandma. She knew how to get the best performance out of a lamp even if she couldn't explain combustion in her own words.

She knew it had something important to do with cleanliness. "Keep it clean," she would say, "And you'll get the best results. It's as simple as apple pie."

Cleanliness is still the watchword of efficient combustion but the problems of "soot" (combustion residue) in today's high powered internal combustion engines are not as simple as apple pie. Today residual materials must be removed by arduous hand cleaning operations or by specially developed solvents. Two such

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solvents are Cities Service Cisco Pep and Cities Service Solvent.

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bricant film on the cleansed surface. Cisco Solvent working on the crankcase zone removes and flushes away harmful sludge, "carbon," or abrasive material. Either, or both products, may cut your operating costs.

For further information or a free demonstration on your equipment by a Cities Service combustion specialist (in the Cities Service marketing territory East of the Rockies), write Cities Service Oil Company, Sixty Wall Tower, Room 42, New York 5, N. Y.

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On the Lighter Side of the Capital



Sage brush is growing up

THE SENATOR is pained, he said, by the attitude of what we began to call the hinterland as soon as some of us began to learn foreign languages. Up to that time it was the sagebrush. It just goes to show how we twitch after novelties. Voters were the bone and sinew until Henry Wallace began calling them the common men—

"Henry didn't ring any bells when he said it. There are lots of folks in this country who bite their lips when they hear things like that."

But the Senator had been talking about the attitude of the back counties.

"The governors are beginning to give us advice," he said. "They have been writing down here to Washington and stating that they are not pleased. They say—a lot of 'em say—that we've gotten kind of high and mighty, tossing these big questions around like they were slickers on a dry day. They act kind of detached. They say:

"What are you doing down there in Washington?" Like they were in the lookout chair and the cards were falling a little funny."

They are near the voters

OLLIE JAMES of Kentucky was a sure-enough statesman, said the Senator. People didn't give him the proper credit because he told funny stories and would bet on a horse if he had enough on the horse's owner to send him away for ten years. Once Ollie said:

"As long as the boys used to say: 'Us Democrats in Washington' I never paid no mind. But when they began to talk about you Democrats in Washington I knew it was time to get home and go to whittling sticks in a lot of country stores."

The governors are nearest to the

voters, and they are big enough in their own boots so they are not afraid to talk turkey to senators and representatives. This is all non-partisan stuff, said the Senator. As non-partisan as a hot wind. Shrivels on both sides.

City of soft touches

THE northwest quarter of Washington—from Sixteenth Street west and from Massachusetts Avenue north—is the real capital of the Capital City. The rest provides working and parking places and food and services and, of course, the government offices:

"More easy money in the northwest quarter than in any other locality in the world," is the report of an observer.

Titles, dancing men, and prospects of hot times on the Riviera and whatever courts may remain when Europe settles down are rated as good securities, along with variations of the Spanish Prisoner enterprise. He does not advise losing any rest over these facts, for we always did it that way. As a note of optimism he thinks that not many of the suckers are really fooled. They just like to play.

A chance for the oldsters

PRACTICALLY every bureau chief or subchief who has been retired for age of late has stepped into a good job. They are for the most part at their intellectual best. They have had experience, they have been hardened up by Congress and perhaps the Army and Navy, and they have learned how to fight in the clinches.

"It's probable," said the insider, "that, when Herbert Hoover's Committee on Governmental Reorganization concludes its work, it will recommend that the age limit be made more flexible. No one has yet worked out a plan by which the deadwood can be pruned out and the better growth retained."

Which reminded Jack Underwood—

How Hoover was fooled

NO ONE is more violently allergic to phonies than Mr. Hoover. He has an especial freeze treatment for men who make with the big hand:

"How ARE you, Mr. Hoover. I haven't seen you since the good old days in"—some-where on the earth's surface.



When Mr. Hoover was made Secretary of Commerce, Underwood was a news reporter on the government beat.

He noted that Mr. Hoover's eye got slightly fixed each time the reporter appeared. At last Mr. Hoover asked:

"Did we meet in South Africa?" asked the Secretary.

"Sorry," said the foxy Underwood. "I can't remember."

The charge against him was not sustained and thereafter he did very well on Commerce news. But to the end of his term as President, Mr. Hoover cocked a doubting eye at Underwood when he came in sight.

Our own foreign legion

UNDERWOOD is a graduate of a college in Wales, was a professional footracer in Australia—that's when he knew Hoover—a prospector and wanderer and newspaper correspondent, author of a book about Alaska that is still standard reference, became the City of Seattle's ambassador to the Washington administration and all its works and made a pot of money. Also he wrote for NATION'S BUSINESS.

The point is that the city seethes with larger and smaller Underwoods. Once London was the gathering place for the world's adventurers—the word being used in its best sense—but for years they have been coming to Washington. Ex-officers of the Foreign Legion, former diplomats, oil and chemical and bug scouts and big game hunters can be turned up by the shovelful.

London still has the glamour that the novelists need with its dukes and titled ladies and archbishops.

But a rich literary field here remains untitled.

Tarnish on the brass

NO ONE who really knows the Army doubts its basic excellence. The men are the best in the world. They may lack the spit-and-polish discipline of the British and Ger-

man troops, but who cashed the tickets when the finish came? Many of the officers did not get the hard schooling necessary to make a good leader out of a young man. But when the demob order came the Army had plenty of good men with brass on their shoulders.

The long Army knife is out for many of them. Some of the best are being dropped. Some of the most inordinate clucks are being saved. The West Pointers are given preference, as is proper and right. They were especially and expensively trained and they propose to make the Army their career. But Army politics is operating, too. The looies who snapped at colonels during the excitement of a fight are discovering that the colonels could give an elephant training in memory courses. The boys who know the right people are doing very well. High level marriage helps.

That's the way it always has been, everywhere in the world, and nothing can be done about it.

It does seem a pity that some of the best officers in the Army, right at the peak of their potentials, should be dropped because every one is in such a hurry. They might be needed.

Reported on authority

THE STORY goes that an interested patriot asked an expert in the State Department to explain the devaluation of the Russian ruble:



"I am told the new ruble will have gold backing, and that it is the Russian plan to establish a

ruble area, similar to the dollar and sterling areas—"

The expert was bored and showed it. Later he was asked by a superior why he had brushed off the visitor:

"I didn't think he could understand what I was talking about. He had dandruff on his collar."

Just one more reason why the S.D. is finding arsenic in the tea-leaves.

It might be true

MR. TRUMAN and Herbert Hoover had been talking over the plan to reorganize the Government. If it becomes law it is the hope of all the responsible men on both sides the line that it will make over the Government into a really businesslike concern instead of the hodgepodge of whirling dervishes

it now is. On the wall of the President's private office was a huge chart bearing the titles of the 70 or 80 independent offices and establishments and the like with the names of their officeholders. They are reputed to be as free of any effective control as monkeys in a jungle:

"You wouldn't believe it"—the story runs—"but I hardly know their names, Mr. Hoover."

"You're telling me?" asked the thirtieth President.

One of the notables

IF AN American Oppenheim ever attempts to cultivate the fertile field of Washington's goings-on he will certainly attempt Larry Richie—

And simultaneously discover what a glissade is when transferred from the ice slopes to diplomatic society. Richie began life by reaching the apex of every small boy's ambition. At the age of 12 he became a professional detective and made good at it. For years he has been Herbert Hoover's most completely confidential secretary and has probably held as many state secrets as any man in the world. He lives on his own sporting preserve 30 miles from Washington, often has highly placed guests who return enthusiastic about their host but devoid of any knowledge they could use in the grain pits. Richie can be a good companion while remaining invisible and inaudible, a good trick in itself. He is now working with the Reorganization Commission.



Report on four Communists

THE LAD who had just gotten in from Saudi Arabia, which is a hot land underlaid with salable oil, reported that he had had a talk with the king. His statement is being printed more as an evidence that the boys do get around than as a matter of historical record. He asked the king:

"How many Communists are in your country?"

"Too many," said the king. "Four. But they keep quiet. If they disobey the rules of the Koran we will deal with them."

The lad added his impression that the Saudi Arabians are all six feet four inches tall and four feet across the chest and that they all carry man-size weapons. Even in their most peaceful moments they look fierce.

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CAL GARDNER
says—

EXPERIENCE? New York Ranger Cal Gardner has 15 years of hockey behind him, including two years with the junior champions of the world and "a most valuable player award."

I'VE SMOKED MANY
DIFFERENT BRANDS...
AND COMPARED. **CAMELS**
ARE THE **CHOICE**
OF **EXPERIENCE**
WITH ME!

R. J. Reynolds
Tobacco Co.,
Winston-Salem,
N. C.

Let your "T-Zone" tell you why...
More people are smoking
CAMELS than ever before!



Your "T-Zone"
Taste...Throat

...that's your final proving
ground for any
cigarette.
Try Camels.
See if Camels
don't suit your
"T-Zone"
to a "T."

● You'll read about it . . . hear about it . . . you'll see it for yourself—in sports, in business, in homes all over America, smoker after smoker who has tried and compared different brands during the wartime cigarette shortage has found Camels the "choice of experience"!

Why? Hockey Star Cal Gardner says, "Of all the brands I tried, Camels suit my 'T-Zone' best!"

And that's where you'll find the answer—in your "T-Zone." Try Camels and let your own experience tell you why more people are smoking Camels than ever before!

According to a Nationwide survey:
MORE DOCTORS SMOKE CAMELS
THAN ANY OTHER CIGARETTE

When 113,597 doctors were asked by three independent research organizations to name the cigarette they smoked, more doctors named Camel than any other brand!